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THELEN, MARRIN, JOHNSON & BRIDGES

ATTORNEYS AT LAW

330 MADISON AVENUE
NEW YORK, NEW YORK 10017-5001

(212) 297-3200

FAX (212) 972-6569

SAN FRANCISCO
LOS ANGELES
ORANGE COUNTY
WASHINGTON, D. C.

HONG KONG
SAN JOSE
HOUSTON

RECORDATION NO. 18073
FILED 125

December 30, 1992

RECORDATION NO. 18073
FILED 125

DEC 30 1992-5 00 PM

INTERSTATE COMMERCE COMMISSION

DEC 30 1992-5 00 PM

Re: Wisconsin Central Ltd. - Lease Agreement and
Trust Indenture and Security Agreement

Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Sidney L. Strickland, Secretary

Dear Mr. Secretary:

I have enclosed two fully executed and acknowledged originals of each of the four documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The first document is a lease dated as of December 28, 1992 and is a "primary document" as defined in the applicable regulations.

The names and addresses of the parties to the first document are as follows:

Lessee: Wisconsin Central Ltd.
One O'Hare Center
6250 North River Road, Suite 900
Rosemont, Illinois 60018

Lessor: Delaware Trust Capital Management, Inc., not
in its individual capacity but solely as Owner
Trustee
900 Market Street, H02M12
Wilmington, Delaware 19801

Interstate Commerce Commission

December 30, 1992

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The second document is a Lease Supplement No. 1 dated December 30, 1992 and is a "primary document" as defined in the applicable regulations.

The names and addresses of the parties to the second document are as follows:

Lessee: Wisconsin Central Ltd.
 One O'Hare Center
 6250 North River Road, Suite 900
 Rosemont, Illinois 60018

Lessor: Delaware Trust Capital Management, Inc., not
 in its individual capacity but solely as Owner
 Trustee
 900 Market Street, H02M12
 Wilmington, Delaware 19801

The third document is a Trust Indenture and Security Agreement dated as of December 28, 1992 and is a "primary document" as defined in the applicable regulations.

The names and addresses of the parties to the third document are as follows:

Owner Trustee: Delaware Trust Capital Management,
 Inc., not in its individual capacity but
 solely as Owner Trustee
 900 Market Street, H02M12
 Wilmington, Delaware 19801

Indenture Trustee: The First National Bank of Boston, in
 its capacity as Indenture Trustee
 150 Royall Street
 Canton, MA 02105-1618

Interstate Commerce Commission
December 30, 1992
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The fourth document is a Trust Indenture and Security Agreement Supplement No. 1 dated December 30, 1992 and is a "primary document" as defined in the applicable regulations.

The names and addresses of the parties to the fourth document are as follows:

Owner Trustee: Delaware Trust Capital Management, Inc., not in its individual capacity but solely as Owner Trustee
900 Market Street, H02M12
Wilmington, Delaware 19801

Indenture Trustee: The First National Bank of Boston
150 Royall Street
Canton, MA 02105-1618

The equipment covered by the documents consists of boxcars, flatcars, and covered hopper cars and all parts, substitutions, replacements and improvements with respect thereto, except such thereof as remain the property of the Lessee under the Lease. Such equipment is designated with more particularity in Schedule 1 to Lease Supplement No. 1 and Schedule 1 to the Trust Indenture and Security Agreement Supplement No. 1.

A fee of thirty-two dollars (\$32.00) is enclosed. Please return one of the originals to me at Thelen, Marrin, Johnson & Bridges, 330 Madison, Suite 1100, New York, New York 10017.

A short summary of each of the documents to appear in the index is as follows:

Equipment Lease Agreement between Delaware Trust Capital Management, Inc., not in its individual capacity but solely as Owner Trustee, 900 Market Street, H02M12, Wilmington, Delaware 19801 and Wisconsin Central Ltd., One O'Hare Center, 6250 North River Road, Suite 900, Rosemont, Illinois 60018, dated as of December 28, 1992, covering boxcars, flatcars and covered hopper cars and all parts, substitutions, replacements and improvements with respect thereto, except such thereof as remain the property of the Lessee under the Lease Agreement.

Lease Supplement No. 1 between Delaware Trust Capital Management, Inc. not in its individual capacity but solely as Owner Trustee, 900 Market Street, H02M12, Wilmington, Delaware 19801 and Wisconsin Central Ltd., One O'Hare

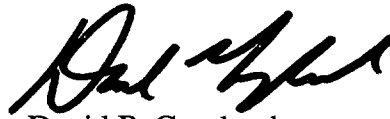
Interstate Commerce Commission
December 30, 1992
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Center, 6250 North River Road, Suite 900, Rosemont, Illinois 60018, dated December 30, 1992 describes the particular Units of Equipment accepted under the Lease Agreement on Schedule 1 thereto.

Trust Indenture and Security Agreement between Delaware Trust Capital Management, Inc., not in its individual capacity but solely as Owner Trustee, 900 Market Street, H02M12, Wilmington, Delaware 19801, dated as of December 28, 1992, pursuant to which Series A Loan Certificates and Series B Loan Certificates with respective maturity dates of May 1, 2013 and May 1, 2008, each bearing interest at 8.49% have been issued and which grants a security interest in the boxcars, flatcars and covered hoppers and all parts, substitutions, replacements and improvements with respect thereto, except such thereof as remain the property of the Lessee under the Lease Agreement and certain other collateral described therein; which equipment is subject to the Equipment Lease Agreement referred to above.

Trust Indenture and Security Agreement Supplement No. 1 between Delaware Trust Capital Management, Inc., not in its individual capacity but solely as Owner Trustee, 900 Market Street, H02M12, Wilmington, Delaware 19801 and Wisconsin Central Ltd., One O'Hare Center, 6250 North River Road, Suite 900, Rosemont, Illinois 60018 describes the particular Units of Equipment covered by the Trust Indenture and Security Agreement referred to above in Schedule 1 thereto.

Very truly yours,

A handwritten signature in black ink, appearing to read "David P. Graybeal", written in a cursive style.

David P. Graybeal

DPG:mm
encs.

Interstate Commerce Commission
Washington, D.C. 20423

12/30/92

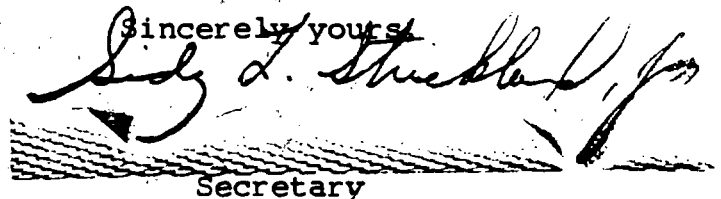
OFFICE OF THE SECRETARY

David P. Graybeal
Thelen, Marrin, Johnson & Bridges
330 Madison Avenue
New York- N.Y. 10017

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/30/92 at 3:35pm, and assigned re-
recording number(s). 18073 18073-A 18073-B & 18073-C

Sincerely yours,



Secretary

SIDNEY L. STRICKLAND, JR.

Enclosure(s)

SE-30
(7/79)

DEC 30 1992 - 3 55 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of December 28, 1992

between

DELAWARE TRUST CAPITAL MANAGEMENT, INC.,
not in its individual capacity except as otherwise expressly
provided herein but solely as Owner Trustee,
Lessor

and

WISCONSIN CENTRAL LTD.,
Lessee

ROLLING STOCK

CERTAIN RIGHTS, TITLE AND INTEREST OF THE LESSOR IN AND TO THIS LEASE, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE FIRST NATIONAL BANK OF BOSTON, AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT DATED AS OF DECEMBER 28, 1992 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND THE LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 22.1 OF THIS LEASE. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY THE FIRST NATIONAL BANK OF BOSTON, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION PURSUANT TO 49
U.S.C. § 11303 ON DECEMBER 30, 1992 AT 3:55 P.M. RECORDATION
NUMBER 18073

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EQUIPMENT LEASE AGREEMENT

EQUIPMENT LEASE AGREEMENT dated as of December 28, 1992 (this "Lease") between Delaware Trust Capital Management, Inc., a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein but solely as Owner Trustee (in such capacity the "Lessor"), and Wisconsin Central Ltd., an Illinois corporation (the "Lessee").

RECITALS:

A. The Lessor has agreed to purchase all of the Equipment from the Seller thereof and lease such Equipment to the Lessee pursuant to this Lease. The Lessee has agreed to lease all of the Equipment from the Lessor pursuant to this Lease.

B. The Equipment is divided into two separate groups. The Units of Equipment in each group, together with the Basic Term for each Group of Equipment, are set forth in Annex I attached hereto.

C. The capitalized terms used in this Lease shall have the respective meanings indicated in Schedule 1 hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or to an action which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

SECTION 1. PURCHASE OF EQUIPMENT AND ACCEPTANCE UNDER LEASE.

1.1 **Purchase and Lease of Equipment.** Effective on each Closing Date, if the conditions set forth herein and in the Participation Agreement have been satisfied, (i) the Lessor shall pay the Equipment Cost of the Equipment described in the Bills of Sale delivered on such date, and (ii) the Lessor and Lessee shall conclusively evidence that such Equipment has been made subject to this Lease by executing and delivering a Lease Supplement substantially in the form attached hereto as Exhibit B covering the Equipment so purchased and leased.

1.2 **Inspection and Acceptance.** The Lessor hereby appoints the Lessee as its agent for inspection and acceptance of the Units. Upon tender of Units of Equipment by the Seller, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Unit of Equipment is found to be in good order, to accept delivery of such Unit of Equipment and to execute and deliver to Lessor on the Closing Date for such Units a Lease Supplement in the form attached hereto as Exhibit A with respect to such Unit of Equipment. The Lessee's execution and delivery of a Lease Supplement pursuant to this Section 1.2 shall constitute Lessee's acknowledgment, but solely as between the Lessee and the Lessor, that each Unit is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design,

manufacture or condition or in any other respect, and shall conclusively establish, but solely as between the Lessor and the Lessee, that such Unit is in good order and condition and conforms to the Specifications applicable thereto and is suitable for use in interchange service in accordance with the Interchange Rules; provided, however, if a closing does not occur with respect to such Unit pursuant to the Participation Agreement, such acceptance under the Lease shall be automatically revoked and no sale or other transfer of such Unit by Seller to Lessor shall be deemed to have occurred. Notwithstanding the foregoing, the delivery of such Lease Supplement by the Lessee shall not constitute a waiver or other release of the warranties, liabilities and other obligations of the manufacturers with respect to the Equipment.

SECTION 2. RENT AND RENT PAYMENT DATES.

2.1 Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Unit:

(a) *Basic Rent.* Subject to any adjustments required by Section 2.3, the Lessee hereby agrees to pay to the Lessor for each Unit:

(i) in arrears on each Rent Payment Date occurring during the Basic Term and on the Final Basic Rent Payment Date, Basic Rent, each such rent payment in an amount equal to the product of the Equipment Cost for such Unit multiplied by the percentage applicable to such Units as listed in Schedule 6 to the Participation Agreement opposite the relevant Rent Payment Date;

(ii) in arrears on each Rent Payment Date during such Renewal Term for any Renewal Term pursuant to Section 20 hereof, Basic Rent, in such amounts as provided in such Section 20.

(b) *Supplemental Rent.* In addition to the foregoing Rent, the Lessee agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become due and owing, or, where no due date is specified, promptly after demand by the Person entitled thereto, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor, or whosoever shall be entitled to such payment, shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. The Owner Trustee agrees to give notice to the Lessee and the Indenture Trustee at least five (5) Business Days prior to the first day of the Basic Term if the Interim Interest Payment will not be paid by the Owner Trustee to the Indenture Trustee as required pursuant to Section 2.2(c) of the Participation Agreement. If and to the extent that the Indenture Trustee on the first day of the Basic Term shall not have received funds for the payment in full of the Interim Interest Payment, the Lessee shall pay on such date, as Supplemental Rent, all or such portion of such amount as shall remain unpaid. If and to the extent the Lessee makes the payment described in the preceding sentence, the Lessee

may offset, on the date when the Rent payments referred to below become due, an amount equal to the amount of such payment, plus any overdue interest thereon paid by the Lessee, plus interest on such amounts, which shall accrue from the date of payment of such amounts by the Lessee to the date of offset at an annual rate (computed on the basis of a 365-day year for the actual number of days elapsed) equal to the Prime Rate plus 3% (or at the highest rate permitted by applicable law, whichever is less), against that portion of Basic Rent, Stipulated Loss Value, Termination Value or any amount payable to the Owner Trustee pursuant to Section 20.2 or Section 11 of this Lease, and against any other Supplemental Rent due by the Lessee solely to such Owner Participant and in each case, such offset shall be deemed to constitute a reduction in the amount of such Rent so payable; provided that no reduction in Rent pursuant to this Section 2.1(b) shall cause the amount of Rent payable by the Lessee to be less than the amount required to pay in full all amounts then due on the Loan Certificates.

2.2 Business Days. If any of the Rent Payment Dates is not a Business Day, the Rent payment otherwise payable on such date shall be payable on the immediately succeeding Business Day.

2.3 Adjustment of Rent. The Lessee and the Lessor agree that the Basic Rent, Stipulated Loss Values and Termination Values, in each case as applicable to each Group of Equipment, shall be adjusted to the extent provided in Section 2.11 of the Participation Agreement.

2.4 Place and Manner of Rent Payment. All payments by the Lessee hereunder shall be paid to the Lessor by electronic funds transfer to the account of the Lessor provided for payments in Section 22.1 hereof; provided that until the Lessee shall have received notice from the Indenture Trustee that all Secured Indebtedness has been fully paid and satisfied, the Lessee shall make such payments by electronic funds transfer to the account of the Indenture Trustee designated in Section 22.1 hereof or as otherwise designated from time to time in writing by the Indenture Trustee, provided, however, that all payments in respect of Excepted Rights in Collateral shall be made to the parties entitled thereto. The Lessee agrees that it will make payments due hereunder by electronic funds transfer by 11:00 A.M. (New York time) on the due date of such payment, of Federal or otherwise immediately available funds to the party to whom such payment is to be made.

2.5 Net Lease. This Lease is a net lease and the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary, in connection with the use, operation, maintenance and repair of the Equipment, including the cost and expenses particularly set forth in this Lease. Notwithstanding any other provision of this Lease, it is intended that Basic Rent and Supplemental Rent shall be paid by the Lessee without notice, demand, counterclaim, setoff (except as set forth in Section 2.1(b) hereof), deduction or defense and without abatement (except as set forth in Section 2.1(b) hereof), suspension, deferment, diminution or reduction. The obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise

affected (except as may be expressly provided herein) for any reason, including, without limitation:

- (a) any defect in the condition, quality or fitness for use of the Equipment or any Unit;
- (b) any damage to, abandonment, loss, scrapping or destruction of or any requisition or taking of the Equipment or any Unit;
- (c) any restriction, prevention or curtailment or the interference with any use of the Equipment or any Unit;
- (d) any defect in or any Lien on the Equipment or any Unit;
- (e) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of the Lessee or the Lessor;
- (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Lessee, the Lessor or any other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee, the Lessor or any other Person, or by any court;
- (g) any claim that the Lessee has or might have against the Lessor or any other Person (including the Indenture Trustee);
- (h) any alleged failure on the part of the Lessor to perform or comply with any of the terms hereof or any other agreement;
- (i) any invalidity or unenforceability or disaffirmance of this Lease or any provision hereof or any of the other Operative Agreements or any provision thereof, in each case whether against or by the Lessee or otherwise;
- (j) any change in the tax or other laws of the United States or any state or political subdivision of either;
- (k) any failure of the Indenture Trustee to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Indenture or any other Operative Agreement;
- (l) any assignment, novation, merger, consolidation, sale or transfer of assets, leasing or other similar transaction of or affecting the Lessee, whether with or without the approval of the Indenture Trustee, except as expressly provided in this Lease;

- (m) any acts or circumstances that may constitute a foreclosure under this Lease;
or
- (n) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Lessee shall have notice or knowledge of any of the foregoing.

Lessee agrees that all amounts of Basic Rent payable on any Rent Payment Date will be sufficient to cover the full payment of interest and principal required to be paid on the Loan Certificates on such date (without giving effect to any acceleration or mandatory prepayment) and that all amounts of Stipulated Loss Value and Termination Value required to be paid by Lessee on a Stipulated Loss Payment Date or Termination Date will be sufficient to cover the full payment of principal and interest and the Make-Whole Amount, if any, required to be paid on the Loan Certificates as of such Stipulated Loss Payment Date or Termination Date. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease of any of the Units, except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the maximum extent permitted by law, to pay to the Lessor or any other Person entitled thereto an amount equal to each installment of Basic Rent and all Supplemental Rent due and owing, at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Nothing contained herein shall be construed to waive any claim which Lessee might have under any of the Operative Agreements or otherwise or to limit the right of Lessee to make any claim it might have against Lessor, Indenture Trustee, any Participant, or any other Person or to pursue such claim in such manner as Lessee shall deem appropriate. Except as provided in Section 2.1(b), the Lessee hereby waives any and all existing or future claims of any right to assert any offset against the Rent payments due hereunder, and agrees to make the Rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with this Lease of the Equipment.

SECTION 3. LEASE TERM.

The interim term of this Lease (the "*Interim Term*") as to each Unit shall mean the period commencing on the date of the Lease Supplement for such Unit to and including the day immediately preceding the Basic Term Commencement Date. The basic term of this Lease (the "*Basic Term*") shall mean the period for which each Unit is leased, commencing on the Basic Term Commencement Date and, subject to earlier termination pursuant to Sections 11, 12, 15 and 20.1, shall expire at 11:59 p.m. (Chicago time) on the Basic Term Expiration Date applicable to such Unit. Subject and pursuant to the terms of Section 20.3 hereof, the Lessee may elect one or more Renewal Terms with respect to any Unit of Equipment.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to the Lessee.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each Unit to be numbered with its reporting mark reported to the AAR and shown on the Lease Supplement for such Unit, and will from and after such date (or within 120 days of such date in the case of Units purchased from Seller Affiliate) keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon at least one side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

**"SUBJECT TO AN EQUIPMENT LEASE AGREEMENT
AND A SECURITY AGREEMENT RECORDED WITH
THE INTERSTATE COMMERCE COMMISSION."**

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit, its rights under this Lease and the rights of any assignee under Section 18 hereof. Except as provided hereinabove, the Lessee will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked, and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Lessor by the Lessee and a supplement to this Lease with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease shall have been filed or recorded.

4.3 Prohibition against Certain Designations. Except as above provided, the Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its sublessees or any of their respective Affiliates on railroad equipment used by it or its sublessees of the same or a similar type.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSEE ACKNOWLEDGES AND AGREES THAT, (i) THE EQUIPMENT AND EACH UNIT THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH UNIT THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) NEITHER THE LESSOR NOR ANY PARTICIPANT IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH

KIND NOR HAS INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE, (iv) THE EQUIPMENT AND EACH UNIT THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY BY THE LESSOR, (v) THE LESSEE LEASES THE EQUIPMENT AND EACH UNIT THEREOF "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", AND, HEREBY DISCLAIMS, AS BETWEEN ITSELF AND THE LESSOR AND ANY PARTICIPANT, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY THEREOF OR AS TO THE TITLE, VALUE OR CONDITION OF THE EQUIPMENT, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, AND (vi) UNDER NO CIRCUMSTANCES WHATSOEVER SHALL TRUST COMPANY, THE LESSOR, THE INDENTURE TRUSTEE OR ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LIABILITY IN TORT, STRICT OR OTHERWISE), it being agreed that all such risks, as among the Lessor, each Participant, the Indenture Trustee and the Lessee, are to be borne by the Lessee, except that the Lessor, in its individual capacity and as Owner Trustee, represents and warrants that on the Closing Date for any Unit of Equipment, the Lessor shall have received whatever title to such Unit of Equipment as was conveyed to the Lessor by the Seller. The provisions of this Section 5 have been negotiated and, except to the extent otherwise provided in this Section 5, the foregoing provisions are intended to be a complete exclusion and negation of any representations and warranties by the Lessor, each Participant and the Indenture Trustee, express or implied with respect to the Equipment that may arise pursuant to any law now or hereafter in effect, or otherwise. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the Lease Term to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers or any prior owner thereof; provided, however, that if at any time a Lease Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights.

SECTION 6. RULES, LAWS AND REGULATIONS.

6.1 **Compliance with Law.** The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules, if any, of

the Federal Railroad Administration, the Interstate Commerce Commission and the field manual of interchange rules or supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) (the "*Interchange Rules*") with respect to the title, operation, use and maintenance of each Unit subject to this Lease. Lessee shall be responsible for obtaining use of the Units and shall bear all risk of failure to obtain such permissions, approvals and consents for use of the Units and shall bear all risk of failure to obtain such permissions, approvals and consents, or of cancellation thereof. The Lessor shall take, at no cost or expense to Lessor, all actions reasonably requested by the Lessee in order to assist the Lessee in obtaining such permissions, approvals or consents.

6.2 Required Modifications. In case any equipment or appliance is required to be altered, added, replaced or modified on any Unit in order to comply with any governmental laws, regulations, requirements and rules (a "*Required Modification*"), the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense; provided, however, that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not adversely affect the rights or interests of the Lessor and the Indenture Trustee in the Equipment or hereunder or otherwise expose the Lessor, the Indenture Trustee or any Participant to criminal sanctions, so long as any such legal proceedings shall be concluded prior to the date on which Lessee is required to return to the Lessor any Unit involved in such proceedings. Title to all Required Modifications shall, without further action vest in Lessor. Notwithstanding anything herein to the contrary, if the Lessee determines in good faith that any Required Modification to a Unit would be economically impractical, it shall provide written notice of such determination to the Lessor and the parties hereto shall treat such Unit as if an Event of Loss had occurred as of the date of such written notice with respect to such Unit and the provisions of Section 11 hereof shall apply with respect to such Unit. In the event of any such deemed Event of Loss, the Lessee shall pay to the Lessor on a Stipulated Loss Payment Date no later than ninety (90) days after the deemed occurrence of such Event of Loss an amount equal to the greater of (i) the then Fair Market Sales Value and (ii) the Stipulated Loss Value of such Unit as of such Stipulated Loss Payment Date.

SECTION 7. MAINTENANCE OF EQUIPMENT; VOLUNTARY MODIFICATIONS; FOREIGN USE.

7.1 Voluntary Maintenance. The Lessee shall, at its own cost and expense, maintain and keep the Equipment and each Unit thereof in good operating condition and in good physical condition, ordinary wear and tear excepted, and in all events (i) in accordance with prudent industry maintenance practices, (ii) as may be required to comply with all applicable insurance policies and manufacturer's warranties (iii) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in nature to the Units, and (iv) in compliance with all

applicable laws and regulations, including any applicable Interchange Rules; provided that the Lessee shall comply in all respects with all applicable laws and regulations, including any applicable Interchange Rules where non-compliance gives rise to fines, liens or criminal sanctions or impairs the function, value or utility of any such Unit or where such laws or regulations are related to safety matters.

7.2 Modifications. Except as otherwise required by the provisions of Section 6 hereof and so long as no Lease Event of Default has occurred and is continuing prior to the initiation by the Lessee of any Modification (as hereinafter defined), the Lessee may modify any Unit or make additions or improvements thereto (the "*Modifications*"); provided that no such Modification diminishes the value, utility, condition or remaining useful life of such Unit below the value, utility, condition, or remaining useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Lease. Title to any Non-Severable Modifications shall be immediately vested in the Lessor and Lessee shall take whatever actions as may be reasonably necessary to ensure that such title is vested in the Lessor. Title to any Severable Modifications which are not required to be made pursuant to Section 6 hereof shall remain with the Lessee. If the Lessee shall at its cost cause such Severable Modifications to be made to any Unit and such Severable Modifications are reasonably necessary for the economic operation of any such Unit, the Lessor shall have the right, prior to the return of such Unit to the Lessor hereunder, to purchase such Severable Modifications at their then Fair Market Sales Value. If the Lessor does not elect to purchase such Severable Modifications, the Lessee may remove such Severable Modifications at Lessee's cost and expense. Title to all Parts of any Unit (other than any Parts which are Severable Modifications but not Required Modifications) shall remain vested in Lessor until a replacement is made therefor. Title to all such replacement Parts shall be immediately vested in Lessor.

7.3 Foreign Use. The Lessee shall not at any time (i) allow more than 15% of the Units to be located outside of the United States and (ii) allow more than 10% of the Units to be located in Mexico (collectively, the "*Foreign Use Limitations*"). Promptly after discovery or notice of non-compliance with the Foreign Use Limitations, the Lessee shall (i) give notice to the Lessor and the Indenture Trustee of such non-compliance and of its election to take action under clauses (x), (y) or (z) below and (ii) take one or more of the following actions within thirty (30) days of such discovery of noncompliance: (x) cause such number of Units to be relocated to the United States so as to satisfy the Foreign Use Limitations, (y) declare an Event of Loss and effect a substitution of Replacement Units located in the United States, pursuant to Section 11.3 hereof, for such number and Units located outside of the United States or in Mexico so as to satisfy the Foreign Use Limitations or (z) unless the noncompliance with the Foreign Use Limitations has been waived by the Lessor and the Indenture Trustee, purchase on the 30th day after such discovery of noncompliance such number of Units located outside of the United States or in Mexico so as to satisfy the Foreign Use Limitations at a price equal to (A) the greater of Fair Market Sales Value or Termination Value of such Units as of the Rent Payment Date immediately preceding the date of purchase, plus (B) all accrued and unpaid Basic Rent,

(C) the Make-Whole Premium due on the Loan Certificates and (D) all other Rent then due and payable hereunder in respect of such Units. Non-compliance with the Foreign Use Limitations shall not constitute a Default or Event of Default if Lessee takes any of the actions required by this Section 7.3 in respect thereof.

SECTION 8. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Units or the Lessee's leasehold interest therein under this Lease, except Permitted Liens, Lessor's Liens and Lender's Liens and the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time. The Lessee shall protect, save and keep harmless each Indemnified Person from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable attorneys' fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against such Indemnified Person in any way relating to or arising out of any such Lien except Permitted Liens, Lessor's Liens and Lender's Liens.

SECTION 9. FILING.

9.1 **First Closing Date.** On or prior to the first Closing Date, the Lessee will (i) cause this Lease, the Lease Supplement dated such Closing Date, the Indenture and the Indenture Supplement dated such Closing Date to be duly filed and recorded with the Interstate Commerce Commission (the "ICC") in accordance with 49 U.S.C. § 11303, (ii) cause Uniform Commercial Code financing statements naming the Owner Trustee as debtor and the Indenture Trustee as secured party to be filed in such public offices as are deemed necessary or appropriate by the Lessor or any Participant to perfect the right, title and interest of the Indenture Trustee in the Collateral and Uniform Commercial Code financing statements naming the Lessee as debtor, the Owner Trustee as secured party and the Indenture Trustee as assignee of the secured party to be filed in such public offices as are deemed necessary or appropriate by each Participant to perfect the right, title and interest of the Indenture Trustee as assignee of the Owner Trustee in the Equipment, and (iii) file, register or record this Lease, the Lease Supplement, the Indenture and the Indenture Supplement and all financing and continuation statements and similar instruments, in such other places within the United States as the Lessor or any Participant may reasonably request in writing 10 days prior to such Closing Date, and will furnish the Lessor and the Indenture Trustee proof thereof. Promptly and, in any event, within thirty (30) days after the first Closing Date the Lessee will cause this Lease, the Lease Supplement dated such Closing Date, the Indenture and the Indenture Supplement dated such Closing Date to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette in accordance with said Section 90.

9.2 Subsequent Closing Dates. On or prior to any other Closing Date, the Lessee will (i) cause the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303, (ii) cause the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date to be deposited with the Registrar General of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette pursuant to Section 90 of the Railway Act of Canada, and (iii) file, register or record the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date, and all financing and continuation statements and similar instruments, in such other places within the United States or Canada as the Lessor or any Participant may reasonably request in writing 10 days prior to such Closing Date, and will furnish the Lessor and the Indenture Trustee proof thereof.

9.3 Further Assurances. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease or to the Indenture, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested in writing by the Lessor or the Indenture Trustee, for the purpose of protecting the Lessor's title to, or the Indenture Trustee's security interest in, any Unit.

9.4 Costs. Except as provided in Section 2.6 of the Participation Agreement, the Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

SECTION 10. INSURANCE.

10.1 Insurance Requirement. (a) The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and the Lessee will continue to carry such insurance in each case with such deductibles, in such amounts and for such risks and with such insurance companies of recognized responsibility and subject to such self-insurance in each case as is consistent with prudent industry practice for railroads similar to Lessee, but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units. The Lessee warrants and affirms that it will satisfy all obligations under each such policy necessary to keep such insurance in full force and effect.

(b) All insurance policies required to be maintained by the Lessee pursuant to this Section 10.1 shall (i) name and insure the Lessor, in both its individual and fiduciary capacities, the Owner Participant, the Indenture Trustee, and each of the Participants as additional insureds with respect to the public liability insurance and shall cover the interests of each such person as its interests may appear, (ii) provide that the

proceeds of property insurance on the Equipment shall be payable to the Indenture Trustee and the Lessor, as their interests may appear under a standard mortgage loss payable clause reasonably satisfactory to the Indenture Trustee so long as any Loan Certificates shall remain outstanding and thereafter to the Lessor, (iii) provide that the respective interests of the Lessor, each of the Participants and the Indenture Trustee shall not be invalidated by any action or inaction by the Lessee or any other Person (other than claimant), (iv) shall insure the Lessor, each of the Participants and the Indenture Trustee regardless of any breach or violation by the Lessee or any other Person (other than claimant) of any warranties, declarations or conditions in such policies, (v) provide that the Lessor, the Indenture Trustee, and each of the Participants will be furnished with at least thirty (30) days prior written notice of any cancellation prior to expiration of coverage, (vi) provide that such insurance is primary without any right of contribution from any other insurance carried by the Lessor, the Indenture Trustee or any of the Participants and shall expressly provide that all provisions, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each such additional insured, (vii) provide that the insurers waive any rights of setoff, recoupment, counterclaim, deduction, or subrogation against the Lessor, the Indenture Trustee, each of the Participants and (viii) acknowledge that any obligation imposed on the Lessee (including without limitation the liability to pay premiums, calls, commissions, or assessments) shall be the sole obligation of the Lessee and not the obligation of the Lessor, the Indenture Trustee or any of the Participants. Lessee's obligation to maintain the insurance coverage and endorsements specified in clauses (iii), (iv) and (viii) is subject to the availability of such coverage on commercially reasonable terms; provided, however, such terms shall be deemed to be commercially reasonable if the premium for such insurance coverage does not exceed 110% of the premium for such coverage for the prior year.

(c) Within thirty (30) days prior to the end of each fiscal year, the Lessee shall furnish the Lessor, each Participant and the Indenture Trustee with an Officer's Certificate and a certificate signed by the insurer or an independent insurance broker of national reputation, each showing the insurance then maintained by the Lessee pursuant to this Section 10.1, confirming all premiums thereon have been paid, and that such insurance meets all requirements of this Section 10. With respect to any renewal policy or policies, the Lessee shall furnish certificates or binders signed by the insurers or insurance brokers of national reputation evidencing such renewal as soon as practicable, but in no event later than thirty (30) days after such renewal is effected or the expiration date of the original policy or policies.

10.2 Proceeds of Insurance. Subject to the provisions of Section 10.1, to the extent permitted by the terms of applicable insurance coverage, any loss under the property insurance policy referred to above shall be adjusted with the Lessee, subject to the reasonable approval of the Lessor and the Indenture Trustee; provided that no such adjustment shall constitute a waiver of the respective rights of the named insureds under such insurance policy. The entire proceeds of any property or casualty insurance for damages to any Unit of Equipment (a) in case of any casualty or event involving proceeds of \$1,000,000 or more or (b) after the occurrence of a Lease Event of Default under

Section 15.1(a) or (b) or (c) the declaration of default pursuant to Section 15.2, in each case, shall be paid over to the Indenture Trustee so long as the Lien of the Indenture is outstanding and otherwise to the Lessor, and shall be held by such party until the repairs referred to in clause (a) below are made as specified therein or payment of the Stipulated Loss Value is made, and such entire proceeds will be paid either: (a) to the Lessee promptly following receipt by the Indenture Trustee or the Lessor, as the case may be, of a written application signed by the Lessee for payment to the Lessee for repairing or restoring the Units which have been damaged so long as (i) the Lessee shall have complied with the applicable provisions of the Lease, (ii) no Lease Event of Default shall have occurred and be continuing, and (iii) any damage to such Units shall have been fully repaired or restored, and the Lessee shall have delivered with such application a certificate executed by an engineering or financial officer of the Lessee to such effect; or (b) if this Lease is terminated with respect to such Unit because of an Event of Loss and the Lessee has paid the Stipulated Loss Value due as a result thereof, such proceeds shall be promptly paid over to the Lessee.

10.3. Additional Insurance. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon ten (10) Business Days' prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the Late Rate. In addition, at any time the Lessor or the Indenture Trustee may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance does not prevent the Lessee from carrying insurance required by this Section 10 or adversely affect such insurance or the cost thereof and provides that the insurer waives any right of subrogation against the Lessee with respect to claims thereunder. Any insurance payments received from policies maintained by the Lessor or the Indenture Trustee pursuant to the previous sentence shall be retained by the Lessor or the Indenture Trustee, as the case may be, without reducing or otherwise affecting the Lessee's obligations hereunder.

SECTION 11. EVENT OF LOSS.

11.1 Duty of Lessee to Notify Lessor. In the event that any Unit (a) shall suffer an actual or constructive total loss or destruction, damage, contamination or wear which, in the Lessee's good faith opinion, makes repair uneconomical, (b) shall suffer theft or disappearance for a period in excess of one-hundred eighty (180) days, (c) shall be permanently returned to the manufacturer pursuant to any patent indemnity provisions, (d) shall have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, (e) shall be taken or requisitioned for use by any governmental authority under the power of eminent domain or otherwise for a period extending beyond the earlier of (i) twelve (12) months after the date of such taking or requisition, or (ii) the last day of the Basic Term or any Renewal Term then in effect (f) shall be banned from use in the normal course of interstate rail transportation for a

period extending beyond the earlier of (i) 180 days or (ii) last day of the Basic Term or Renewal Term then in effect as a result of any rule, regulation, order or other action of the United States government or any agency or instrumentality thereof, unless the Lessee shall have undertaken and be diligently pursuing such actions as shall be required to by the government or agency to permit normal use of such Unit or (g) becomes economically unfit for commercial use (any such occurrence being hereinafter called an "*Event of Loss*"), the Lessee, in accordance with the terms of Section 11.2 hereof, shall promptly and fully inform the Lessor and the Indenture Trustee of such Event of Loss. The date of occurrence of such Event of Loss shall be the date of such loss, destruction, damage, contamination, theft, disappearance, return, taking or requisition; provided that in the case of an Event of Loss specified in clause (e) or (f) above, the date of occurrence of such Event of Loss shall be deemed to be the earlier of (A) twelve (12) months in the case of clause (e) and 180 days in the case of clause (f) after the date of such taking or requisition or ban, or (B) the last day of the Basic Term or any Renewal Term then in effect. For purposes of this Section 11.1, a Unit shall be deemed "unfit for commercial use" only if the board of directors of the Lessee has determined that all Units of Equipment of the same type as such Unit are unfit for commercial use, based solely on the condition, age and utilization of such equipment and not financial factors.

11.2 Sum Payable for Event of Loss. Except as provided in Section 11.7 on a Stipulated Loss Payment Date selected by Lessee, but in no event later than thirty (30) days after the occurrence or deemed occurrence of such Event of Loss for any Unit, or if the Stipulated Loss Value is less than \$250,000 for Units which have suffered an Event of Loss for which settlement under this Section 11.2 has not been made, at Lessee's election, on the next following Rent Payment Date, the Lessee shall pay to the Lessor (a) an amount equal to the Stipulated Loss Value of each such Unit as of such Stipulated Loss Payment Date, (b) if such Stipulated Loss Payment Date is a Rent Payment Date, all Basic Rent payable on such date in respect of such Unit and (c) all other Rent then due and payable hereunder.

11.3 Rent Termination. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the obligation to pay Basic Rent for such Unit or Units shall terminate and no Basic Rent with respect to such Units shall thereafter be due.

11.4 Disposition of Equipment. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the Lessor will convey to the Lessee all right, title and interest of Lessor and any Affiliate thereof, "as-is", "where-is", without recourse or warranty, except for a warranty against Lessor's Liens, in and to such Unit or Units and shall execute and deliver to Lessee such bills of sale and other documents and instruments as Lessee may reasonably request to evidence such conveyance. As to each separate Unit so disposed of, so long as no Lease Event of Default hereunder shall have occurred and be continuing, the Lessee may retain any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages (including any Association of American Railroads interline settlement paid upon an Event

of Loss) received by the Lessee, the Lessor or the Indenture Trustee by reason of such Event of Loss after having paid the Stipulated Loss Value attributable thereto; provided, however, that, with respect to any Event of Loss referred to in clauses (d) and (e) of Section 11.1 hereof, any excess of such condemnation awards over the amount of the Stipulated Loss Value of such Unit shall be divided between the Lessee and the Lessor in proportion to their respective interests in such Unit.

11.5 Stipulated Loss Value. The Stipulated Loss Value for any Unit as of any Stipulated Loss Payment Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the percentage applicable to the Group of Equipment of which such Units are a part; provided, however, that, notwithstanding any provision of this Lease (including, without limitation, the adjustments to be made pursuant to Section 2.3 hereof), "Stipulated Loss Value" as of any payment date, plus the Rent in respect of such Unit payable on such payment date shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Loan Certificates outstanding and required to be prepaid, on such payment date together with interest thereon accrued to such payment date, as determined pursuant to the Indenture.

11.6 Eminent Domain. In the event that during the Lease Term the use of any Unit is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, the Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisitioning or taking. So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

11.7 Replacement of Unit. In lieu of making the payment required by Section 11.2, the Lessee may, by election given in writing to Lessor and the Indenture Trustee, within the thirty (30) day period provided in Section 11.2, convey or cause to be conveyed within sixty (60) days after the end of such thirty (30) day period to Lessor a Replacement Unit to be leased to Lessee hereunder, such replacement unit to be of the same car type (or otherwise approved by Lessor and the Indenture Trustee, which approval shall not be unreasonably withheld), the same or a later year of manufacture of the Unit replaced and free and clear of all Liens and to have a Fair Market Sales Value, utility, remaining economic useful life, residual value and condition at least equal to the Unit so replaced (assuming such Unit was in the condition required to be maintained by the Terms of this Lease) (a "*Replacement Unit*"); provided that, if Lessee shall fail to perform its obligation to effect such replacement within such sixty (60) period then at the end of such sixty (60) day period Lessee shall immediately give Lessor and Indenture Trustee notice of such failure and pay to Lessor the sum payable pursuant to Section 11.2.

At its own cost and expense, Lessee shall, prior to or concurrently with such replacement:

- (i) furnish Lessor with a bill of sale conveying to Lessor the Replacement Unit;
- (ii) cause an Indenture Supplement and Lease Supplement, subjecting such Replacement Unit to the lien of the Indenture and to this Lease, duly executed by Lessee, to be delivered to Lessor and Indenture Trustee for execution, and upon such execution to be filed with the ICC pursuant to 49 U.S.C. § 11303;

Not later than January 31 of each calendar year, Lessee will cause to be delivered to the Lessor and the Indenture Trustee an opinion of counsel as to the due filing of such Lease Supplement and Indenture Supplement with respect to any Replacement Unit accepted under the Lease during the previous calendar year and the perfection of the Lien of the Indenture in such Replacement Units; provided, however, Lessee shall cause such opinion to be delivered promptly after Replacement Units having an Equipment Cost greater than \$250,000, with respect of which no prior opinion had been delivered, are accepted under this Lease.

For all purposes of this Lease, upon passage of title in such Replacement Unit to the Lessor, such Replacement Unit shall be deemed to be part of the property leased hereunder and shall be deemed to be a Unit and to be part of the Group A Equipment or the Group B Equipment as the Unit replaced thereby. Upon such passage of title, Lessor will transfer to Lessee without recourse or warranty (except as to Lessor's Liens), all of Lessor's right, title and interest in and to the Unit with respect to which the Event of Loss occurred.

SECTION 12. EARLY TERMINATION.

12.1 Obsolescence. (a) So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall have the right at its option at any time on at least two hundred seventy (270) days' prior notice to the Lessor and the Indenture Trustee, to terminate this Lease as of the Rent Payment Date specified in such notice (the "*Termination Date*") occurring on or after May 1, 2000, with respect to all but not less than all of the Units of any Group of Equipment (except with respect to Group A Equipment, the Lessee shall have such right with respect to (x) all but not less than all of the boxcar Units and/or (y) all but not less than all of the hopper car Units) (collectively the "*Terminated Units*") if Lessee determines in good faith, that such Units have become obsolete or surplus to the Lessee's needs and Lessee shall provide the Lessor with a certificate executed by the chief financial officer of the Lessee indicating such determination and including a certified copy of a resolution of the board of directors of Lessee to such effect. During the period from the date of such certificate to the Termination Date, the Lessee, as exclusive agent for the Lessor and at Lessee's sole cost and expense, shall use its best efforts to obtain bids from Persons other than the Lessee or Affiliates thereof for the cash purchase of the Terminated Units, and the Lessee shall promptly, and in any event at least fifteen (15) Business Days prior to the proposed date of sale, certify to the Lessor in writing the amount and terms of such bid, the proposed date of

such sale and the name and address of the party submitting such bid. Lessee may at any time prior to 30 days before such Termination Date, by notice in writing to the Lessor and the Indenture Trustee, withdraw its notice of termination and Lessee shall pay all of Lessor's, any Owner Participant's and the Indenture Trustee's out-of-pocket expenses incurred prior to such withdrawal in connection with the proposed termination. On the Termination Date: (A) the Lessee shall deliver the Terminated Units to the bidder, if any, which shall have submitted the highest cash bid prior to such date, in the same manner as if delivery were made to the Lessor pursuant to Section 14 hereof and in full compliance with the terms thereof; and (B) the Lessor shall, without recourse or warranty (except as to the absence of any Lessor's Lien) and subject to the disclaimer set forth in Section 5 hereof, simultaneously therewith sell the Terminated Units to such bidder for cash paid in the manner and in funds of the type specified in Section 2.4 hereof.

(b) As between the Lessor and the Lessee, the total selling price realized at such sale shall be paid to and retained by the Lessor and, in addition, on the Termination Date, and as a condition precedent to such sale and the delivery of the Terminated Units to such purchaser, the Lessee shall pay to the Lessor, in the manner and in funds of the type specified in Section 2.4 hereof, (i) all unpaid Basic Rent with respect to such Terminated Units due on or prior to the Termination Date, (ii) the excess, if any, of (A) the Termination Value for the Terminated Units computed as of the Termination Date in accordance with Section 12.2 hereof, over (B) the net cash sales proceeds (after payment of any sales taxes or other expenses incurred in connection with such sale) of the Terminated Units and (iii) any other Rent required to be paid as of such Termination Date. If no sale shall have occurred or if the Loan Certificates have not been paid as contemplated in clause (d) below on or as of the Termination Date, this Lease shall continue in full force and effect as to such Units; provided that the Lessee shall not, without the consent of the Lessor, reject any cash bid equal to or greater than the Termination Value. If the Lessor elects not to exercise its preemptive right set forth in paragraph (c) below, the Lessee, in acting as agent for the Lessor, shall have no liability to the Lessor for failure to obtain the best price, shall act in its sole discretion and shall be under no duty to solicit bids publicly or in any particular market.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 12.1, the Lessor may irrevocably elect, no later than ninety (90) days after receipt of the Lessee's notice of termination, not to sell the Terminated Units to the highest bidder, if any, on the Termination Date, whereupon the Lessee shall deliver the Terminated Units to the Lessor as provided in this Section 12, treating the Termination Date as the termination date of the Lease Term with respect to the Terminated Units; provided that (i) the Lease Term for such Equipment shall not terminate until the Lessor has made the payment to the Indenture Trustee required by the following sentence and the Lessee has delivered such Equipment and paid all Basic Rent for such Terminated Units due and unpaid to and including the Termination Date and the Make-Whole Amount as set forth in Section 12.1(d) and (ii) upon making such payments, the Lessee shall have no obligation to pay any Termination Value with respect to such Terminated Units. If the Lessor elects not to sell the Terminated Units as provided in this Section 12.1(c), then the

Lessor shall pay to the Indenture Trustee, on such Termination Date, the portion of Termination Value of such Terminated Units required to be paid to the Loan Participants pursuant to Section 3.02(a)(2) of the Indenture, including the outstanding principal amount of, and accrued interest on the Loan Certificates.

(d) If the Lessee elects to terminate this Lease with respect to any or all of the Units pursuant to Section 12.1(a) hereof, then the Lessee shall pay, on such Termination Date, the Make-Whole Amount then required to be paid under Section 3.02(a)(2) of the Indenture in connection with the related prepayment of the Loan Certificates.

(e) In the event of any such sale and receipt by the Lessor and the Indenture Trustee of all of the amounts provided herein, and upon compliance by the Lessee with the other provisions of this Section 12.1, the obligation of the Lessee to pay Rent hereunder for such Terminated Units shall cease and the Lease Term for the Terminated Units shall end.

12.2 Termination Value. The Termination Value of any Unit as of any Termination Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the percentage applicable to Units of such type specified in Schedule 8 opposite such Termination Date; provided, however, that, notwithstanding any provision of this Lease (including, without limitation, the adjustments to be made pursuant to Section 2.3 hereof), "Termination Value" as of any payment date, plus the Rent in respect of such Unit payable on such payment date and the amount payable pursuant to Section 12.1(d) shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Loan Certificates outstanding and required to be prepaid on such payment date together with interest thereon accrued to such payment date and the Make-Whole Amount as determined pursuant to the Indenture.

SECTION 13. NOTICES OF CERTAIN EVENTS; ANNUAL REPORTS; INSPECTION.

13.1 Notice of Certain Events. The Lessee shall give written notice to the Lessor and the Indenture Trustee, within five (5) Business Days after becoming known to a Responsible Officer of Lessee, of any event that results or may result in an Event of Loss in excess of \$250,000, a Lease Default or a Lease Event of Default.

13.2 Duty of Lessee to Furnish. On or before June 30, 1993, and on each June 30 thereafter, the Lessee will furnish to the Lessor and the Indenture Trustee an accurate statement, as of the preceding December 31, (a) showing the amount, description and reporting marks of the Units then leased hereunder, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the twelve (12) months ending on such December 31 (or since the first Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment

repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

13.3 Lessor's Inspection Rights. The Lessor, any Owner Participant, the Indenture Trustee and the Loan Participants each shall have the right, but not the obligation, at their respective sole cost, expense and risk, except as provided below, by their respective authorized representatives, to the extent within Lessee's control: to inspect the Equipment and the Lessee's records with respect thereto and make copies thereof, during the Lessee's normal business hours and upon reasonable prior notice to the Lessee, accompanied by a representative of Lessee, and to discuss the affairs, finances and accounts with the principal officers of the Lessee; provided, however, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor, any Owner Participant, the Indenture Trustee, the Loan Participants or any prospective purchaser, the rights of inspection granted under this Section 13.3 or Section 14.1.

SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF LEASE TERM.

14.1 Return of Equipment. As soon as practicable on or after the expiration of the Basic Term or any Renewal Term of this Lease, as the case may be, with respect to any Unit which has not been purchased by the Lessee and in any event not later than 10 days thereafter, the Lessee will, at its own cost and expense, deliver possession of such Unit to the Lessor upon such tracks of the Lessee as the Lessor may reasonably designate taking into account, among other things, Lessee's storage capacity, security and access, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days and, upon not less than fifteen (15) days' prior written notice, transport the same once upon disposition of the Units, at any time within such ninety (90) day period, to any reasonable destination or interchange point on the lines of a railroad operated by the Lessee, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee whereupon the Lessee shall have no further liability or obligation with respect to such Units. The Lessee shall not be obligated to move any such Unit more than once at the request of the Lessor. During any such storage period, the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same, accompanied by a representative of Lessee; provided, however, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. During any such storage period the Lessee shall be responsible for loss of or damage to such Units in accordance with the terms of this Lease. Upon the return of any Unit of Equipment, the Lessee shall, at its own cost and expense, have taken all necessary action to assure that such Unit shall be (i) free and clear of all Liens other than Lessor

Liens and (ii) in the condition required by Sections 6 and 7 hereof. The Lessee shall on or prior to return of any Unit take such action and complete and execute, or obtain execution of, such certificates, including certificates required under Rule 88 (or any successor rule) of the AAR, and other documents as shall be required by the AAR to assure that such Unit is permitted to enter interchange service after return to Lessor or, its designee. If the Lessor or its agent shall inspect any Unit pursuant to this Section and shall reasonably determine that such Unit is not in the condition required by this Section 14, the Lessee, at its expense and risk, shall within sixty (60) days thereafter make such repairs and perform such work as shall be necessary to place such Units in the condition required by this Section 14. The Lessee will provide the Lessor with notice when such Unit has been repaired so as to be in the condition required by this Section 14 and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have ten (10) days from the date of receipt of such notice to inspect, at the Lessee's sole cost and expense, such Unit and inform the Lessee if such Unit is still not in the condition required by this Section 14. In the event any Unit is not assembled, delivered and stored as hereinabove provided as a result of any action or inaction on the part of the Lessee, within ten (10) days after the expiration of the Lease Term with respect to such Unit, the Lessee shall pay to the Lessor, for each day thereafter as liquidated damages, and not as a penalty, for the failure of the Lessee to return such Unit to the Lessor at the expiration of the Lease with respect to such Unit as required by the provisions of this Section 14, an amount equal to the daily equivalent of the greater of (i) the arithmetic average of the Basic Rent during the Basic Term of such Unit and (ii) the Fair Market Rental Value for such Unit at the time of such expiration. The provision for such payment shall not be in abrogation of the Lessor's right under this Section 14 to have such Unit returned to it hereunder. Upon expiration of the Lease Term with respect to such Unit, compliance with the redelivery terms hereof and tender of such Unit at such storage location by Lessee, this Lease and the obligation to pay Basic Rent and all other Rent for such Unit accruing subsequent to the expiration of the Lease Term with respect to such Unit and the tender of such Unit at such storage location by the Lessee, shall terminate.

SECTION 15. LEASE EVENTS OF DEFAULT.

15.1 Lease Events of Default. Any of the following events shall constitute a Lease Event of Default hereunder:

- (a) The Lessee shall default in the payment when due of (i) any installment of Basic Rent and such default shall continue unremedied for five (5) Business Days, (ii) any amount payable pursuant to Section 11.2 and such default shall continue unremedied for five (5) Business Days after receipt by the Lessee of written notice thereof or (iii) any amount payable pursuant to Section 12 and such default shall continue unremedied for five (5) Business Days after knowledge of Lessee of such payment being due;

(b) The Lessee shall default in the payment when due of any Supplemental Rent, other than as specified in Section 15.1(a), including indemnity or tax indemnity payments, and such default shall continue unremedied for a period of thirty (30) days after receipt by the Lessee of written notice thereof from the Lessor;

(c) Any material representation or warranty made by the Lessee in this Lease or in any other Lessee Agreement (other than the Tax Indemnity Agreement), or in any statement or certificate furnished to the Lessor, the Owner Participants, the Indenture Trustee or the Loan Participants pursuant to or in connection with this Lease or any other Lessee Agreement is untrue or incorrect in any material respect as of the date of issuance or making thereof and such incorrectness shall continue to be material and unremedied for a period of thirty (30) days after written notice thereof from the Lessor to the Lessee; provided, however, that the continuation of such a default for longer than thirty (30) days after such written notice shall not constitute a Lease Event of Default if (i) the Lessee is diligently pursuing the cure of such default, (ii) such default is capable of being cured but cannot be cured within thirty (30) days, (iii) such default does not impair in any material respect the Lessor's interest in the Units or the security interest of the Indenture Trustee under the Indenture and (iv) such default is cured within ninety (90) days after such written notice;

(d) The Lessee shall fail to maintain the insurance required pursuant to Section 10 hereof or effect a cure of any non-compliance with the Foreign Use Limitations pursuant to Section 7.3;

(e) The Lessee shall default in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the other Lessee Agreements, and such default shall continue for thirty (30) days after receipt by Lessee of written notice from the Lessor, specifying the default and demanding the same to be remedied; provided, however, no Lease Event of Default shall occur under this paragraph (e) if (i) the Lessee is diligently attempting to cure such default, (ii) such default is capable of being cured but cannot be cured within thirty (30) days, (iii) such default does not impair in any material respect the Lessor's interest in the Units or the security interest of the Indenture Trustee under the Indenture and (iv) such default is cured within ninety (90) days after such written notice;

(f) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its

property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any corporate action to authorize any of the foregoing; or

(g) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

15.2 Remedies. Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, upon written notice to Lessee, at its option, declare this Lease to be in default and whenever any Lease Event of Default under any provision of Section 15.1(f) or (g) hereof shall have occurred, this Lease shall automatically be in default, and at any time after the Lease has been declared to be in default or has automatically become in default pursuant to the foregoing provisions, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by and subject to compliance with any mandatory requirements of applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, cancel this Lease, whereupon all right of the Lessee to the possession and use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may (i) demand that Lessee, and Lessee shall upon written demand of Lessor, at Lessee's expense, return to Lessor all or any of the Units (as specified in such demand) in the manner and condition required by, and otherwise in accordance with the provisions of Section 16 hereof, or (ii) by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) Sell any Unit at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof

(except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Rent (other than Supplemental Rent) with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Rent (other than Supplemental Rent) are to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle, operate, assign or lease to others any Unit as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Rent (other than Supplemental Rent) with respect to such Unit due for any periods subsequent to the date upon which the Lessee shall have been deprived of possession and use of such Unit pursuant to this Section 15.2 shall be reduced by the net proceeds, if any, received by the Lessor from any assignment or leasing such Unit to any Person other than the Lessee for such period or any portion thereof;

(e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Unit, the Lessor, by notice to the Lessee specifying a payment date which shall be not earlier than ten (10) Business Days after the date of such notice, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Rent (other than Supplemental Rent) for such Unit due after the payment date specified in such notice), any unpaid Rent for such Unit due for periods prior to the payment date specified in such notice, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of (A) the present value of all future Basic Rent for such Unit, over (B) the present value of the Fair Market Rental Value (determined as hereafter in Section 15.4 provided) of such Unit or, if the Lessor has leased such Unit to others pursuant to paragraph (d) above, for the period of such lease the periodic rent payable thereunder, in each case for the remainder of the Basic Term or any Renewal Term then in effect, as the case may be, as of the payment date specified in such notice, such present values to be computed on the basis of a per annum rate of discount equal to the Coupon Rate, compounded semi-annually, from the respective dates upon which such rents would be paid; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit as of the Rent Payment Date next preceding the payment date specified in such notice or, if such payment occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Sales

Value of such Unit (determined as hereafter in Section 15.4 provided) as of the payment date specified in such notice;

(f) If the Lessor shall have sold any Unit pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Unit may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Rent (other than Supplemental Rent) and any other Rent for such Unit due subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent (other than Supplemental Rent) for such Unit due for periods up to and including the Rent Payment Date next preceding the date of such sale and, if that date is a Rent Payment Date, the Basic Rent due on that date, plus (i) the amount, if any, by which the Stipulated Loss Value of such Unit computed as of the Rent Payment Date next preceding the date of such sale or, if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale and (ii) any Supplemental Rent due and owing;

(g) The Lessor may, in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent theretofore paid by the Lessee or received by the Lessor in respect of any Unit, including any such Rent then in the Lessor's possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder; (ii) recover from the Lessee all Rent accrued and unpaid under any of the terms hereof as of the date of the declaration of default; and (iii) transfer title to and the ownership interest in such Unit to the Lessee by quit-claim bill of sale (except as to the absence of any Lessor's Liens), and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Rent (other than Supplemental Rent) for such Unit due subsequent to the date of the declaration of default), in the Lessor's sole discretion, an aggregate sum equal to either (A) the present value of all Rent (other than Supplemental Rent) for such Unit which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Basic Term or any Renewal Term then in effect, as the case may be, such present value to be computed on the basis of a per annum rate of discount equal to the Coupon Rate, compounded semi-annually, from the respective dates upon which such Basic Rent would have been payable hereunder had this Lease not been terminated or (B) the Stipulated Loss Value of such Unit, calculated as of the next succeeding Rent Payment Date or the Basic Term Expiration Date, as the case may be; and

(h) Exercise the right to cause a receiver to be appointed in any action against the Lessee to take possession of the Units or to collect the rents or profits therefrom; provided, however, that neither appointment of

such receiver nor any other action taken by the Lessor shall constitute an election on the part the Lessor to terminate this Lease unless written notice of termination is given to the Lessee.

15.3 Other Liabilities. In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Lease Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

15.4 Valuation. For purposes of Section 15.2, the Fair Market Rental Value and Fair Market Sales Value for any Unit shall be determined by appraisal as specified in the definition of "Fair Market Rental Value" or "Fair Market Sales Value", as the case may be, with any appraisal expenses to be borne by the Lessee.

15.5 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity.

15.6 No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

SECTION 16. RETURN OF EQUIPMENT UPON LEASE EVENT OF DEFAULT.

16.1 Lessee's Duty to Return. (a) If the Lessor shall cancel this Lease pursuant to Section 15.2 hereof and shall not exercise any right to cause Lessee to purchase the Equipment, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Unit to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith place such Unit upon such available storage locations under Lessee's control as directed by the Lessor;

(ii) Permit the Lessor to store such Unit at such location without charge for insurance, rent or storage for up to 365 days until such Unit has been sold, leased or otherwise disposed of by the Lessor, and during such period of storage by Lessee shall continue to maintain all insurance required by Section 10.1 hereof; and

(iii) Transport such Unit one time to any railroad interchange point on the lines of a railroad operated by the Lessee in the continental United States as the Lessor may direct.

(b) Each such Unit will be free and clear of all Liens, other than Lessor's Liens and Lender's Liens and in the condition required by Sections 6 and 7 hereof and otherwise in compliance with Section 14.1 hereof.

16.2 Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Units to the Lessor pursuant to this Section 16, to demand and take possession of such Unit, in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

16.3 Specific Performance. Upon application to any court of equity having jurisdiction, Lessor shall be entitled to a decree against Lessee requiring specific performance of the provisions of this Section 16.

SECTION 17. LESSOR'S RIGHT TO PERFORM.

If the Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, the Lessor may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to the Lessee (except in the event that an Indenture Event of Default resulting solely from a Lease Event of Default shall have occurred and be continuing, in which event Lessor may effect such payment, performance or compliance to the extent necessary to cure such Indenture Event of Default with notice given concurrently with such payment, performance or compliance) in a reasonable manner, but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate, to the extent permitted by applicable law, shall be deemed to be Supplemental Rent, payable by the Lessee to the Lessor on demand.

SECTION 18. ASSIGNMENTS BY LESSOR.

18.1 Assignment to Indenture Trustee. (a) The Lessee and the Lessor hereby confirm that concurrently with the execution and delivery of this Lease, the Lessor has executed and delivered to the Indenture Trustee the Indenture, which assigns as collateral security and grants a security interest to the Indenture Trustee in, to and under this Lease and certain of the Rent payable hereunder. The Lessee hereby consents to such assignments and the creation of such lien and security interest and consents to the terms

and provisions of the Indenture. The Lessee (i) acknowledges that such assignments, mortgage and security interest provide for the exercise by the Indenture Trustee of all rights of Lessor hereunder to give any consents, approvals, waivers, notices or the like, to make any elections, demands or the like or to take any other discretionary action hereunder, except as specifically set forth in the Indenture and (ii) acknowledges receipt of an executed counterpart of the Indenture. Lessee will furnish to the Indenture Trustee counterparts of all notices, certificates, opinions or other documents of any kind required to be delivered hereunder by the Lessee to the Lessor. The Lessor agrees that it shall not otherwise assign or convey its right, title and interest in and to this Lease, the Equipment or any Unit, except as expressly permitted by and subject to the provisions of the Participation Agreement, the Trust Agreement and the Indenture. Lessee agrees that, if a foreclosure occurs under the Indenture at a time when no Lease Default shall have occurred and be continuing, the Lessee will take all appropriate steps to facilitate such foreclosure consistent with the Lessee's rights under this Lease, including, without limitation, acceptance of a new Lessor.

(b) The Lessee and the Lessor agree that upon the release of the Lien of the Indenture in respect of any Unit pursuant to the terms thereof (i) this Lease shall be a separate and independent Lease with respect to such Units and (ii) the leasehold interests of the Lessor in respect of each such Unit shall not be subject to the Lien of the Indenture, and (iii) all Rent in respect of each such Unit shall be payable directly the Lessor.

18.2 Obligations and Rights of Indenture Trustee. The Lessee and the Lessor each acknowledge and agree that the Indenture Trustee shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof.

18.3 Quiet Enjoyment. Neither Lessor nor any Person deriving its rights through, under or from Lessor shall, so long as no Lease Event of Default shall have occurred and be continuing, take or cause to be taken any action contrary to Lessee's rights and the rights of any sublessee of Lessee under the Lease, including, without limitation, the right to possession, use and quiet enjoyment of the Equipment.

SECTION 19. USE AND POSSESSION; SUBLEASES; ASSIGNMENT BY LESSEE.

19.1 Lessee's Rights to the Equipment. Subject to the exercise of Lessor's rights under Section 15.2, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers pursuant to interchange arrangements or run-through agreements. Without the consent of the Lessor, Lessee shall not enter into, or renew any run-through agreement with respect to the Equipment during any period in which a Lease Event of Default shall have occurred and be continuing.

19.2 Subleases. The Lessee shall not, without the prior written consent of the Lessor, enter into any sublease with respect to any Unit, except, so long as no Lease Default or Lease Event of Default shall have occurred and be continuing, pursuant to a sublease to a user incorporated in the United States or organized in Canada under circumstances such that the Lessee shall have the same rights under Section 1168 of the Bankruptcy Code under such sublease in respect of such Units as Lessor would have against Lessor in respect of such Units under this Lease, which sublease (i) shall be for a term not extending beyond the expiration of the Basic Term, or any Renewal Term then in effect (ii) shall be made subject and subordinate to this Lease. In addition, if the Lessee enters into any such sublease for a period greater than six (6) months, the Lessee shall deliver to Lessor a copy of any such sublease as soon as practicable after execution thereof. No sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease and the other Lessee Agreements to the same extent as if such sublease had not been entered into.

The Lessee agrees that it will cause the following statement to be inserted in each sublease permitted by this Section 19.2:

"It is understood that the Equipment furnished to the lessee under this agreement is subject to the terms of the Equipment Lease Agreement dated as of December 28, 1992 between Delaware Trust Capital Management, Inc. (the "Owner Trustee") and the Lessor. Lessee agrees that this agreement and lessee's rights hereunder are and shall at all times be subject and subordinate to each and every term, condition and provision of such Equipment Lease Agreement, including, without limitation, the right under certain circumstances of the Owner Trustee to repossess the Equipment pursuant to Section 15 thereof free and clear of lessee's rights under this Agreement."

19.3 Assignment by Lessee. Lessee may, at any time, assign or transfer its leasehold interest hereunder to any affiliated company so long as the Lessee remains obligated under the Lease or to any solvent corporation incorporated under the laws of any state of the United States or the District of Columbia, into or with which the Lessee shall have become merged or consolidated or that shall have acquired all or substantially all of the railroad business and properties of the Lessee, provided that (i) such assignee or transferee shall have duly assumed the obligations of the Lessee hereunder, (ii) upon the effectiveness of such merger, consolidation, or acquisition, no Lease Default or Lease Event of Default shall have occurred and be continuing, (iii) the Lessor shall continue to have all rights of a lessor under Section 1168 of the Bankruptcy Code and in respect of the Units, and (iv) such assignee or transferee (after giving effect to such merger or acquisition) shall have a net worth not less than the net worth of the Lessee immediately prior to such merger, consolidation or acquisition.

19.4 Noncomplying Subleases or Assignments. Any assignment of this lease or sublease or transaction which constitutes or operates as an assignment or sublease of any Unit by the Lessee in violation of Section 19.2 and 19.3 shall be void.

19.5 Delivery of Documents, Expenses Lessee shall promptly deliver the original "chattel paper" copy of each sublease with a term longer than six months to the Indenture Trustee and shall deliver copies of all such subleases to Lessor. Lessee agrees to indemnify and hold Lessor and Indenture Trustee harmless against any and all reasonable out-of-pocket expenses, claims, demands and liabilities of whatever nature relating to or in any way arising out of such sublease or assignment, including, without limitation all reasonable out-of-pocket costs, damages, charges, attorneys' fees and expenses arising out of or necessitated by assertion of any such claim or demand with respect to such sublease or assignment.

SECTION 20. OPTIONS TO PURCHASE; RENEW.

20.1 Purchase Option. The Lessee shall have the right to purchase the following Units of any Group of Equipment beneficially owned by the Owner Participant upon the expiration of the Basic Term or upon the expiration of any Renewal Term then in effect for such Units, (A) all but not less than all of the Units of Group B Equipment; (B) all but not less than all of the boxcar Units of Group A Equipment; or (C) all but not less than all of the hopper car Units of Group A Equipment. The purchase price for such Units shall be equal to the lesser of (A) the then Fair Market Sales Value of such Units and (B) 65% of the Equipment Cost for such Unit. If the Lessee shall have exercised an option to purchase hereunder, the Owner Trustee shall convey to the Seller at the end of the Basic Term, or at the end of the then current Renewal Term, as the case may be, all right, title and interest of the Owner Trustee in and to the Unit or Units of Equipment concerned on an "as-is, where-is" basis, without recourse or warranty except a warranty against Lessor's Liens. The Lessee agrees that it will make payment of the purchase price of any Units purchased under this Section 20.1 by electronic funds transfer, by Noon (New York time) on the due date of such payment, of Federal or otherwise immediately available funds.

20.2 Renewal Option at Expiration of Basic Term or Renewal Term. So long as no Lease Default or Lease Event of Default has occurred and is continuing, the Lessee shall have the right, upon no less than one-hundred fifty (150) days' prior irrevocable notice to the Lessor, on the Basic Term Expiration Date for the Units of any Group of Equipment, or upon no less than one-hundred fifty (150) days' prior irrevocable notice, at the end of the first Renewal Term then in effect for the Units of any Group of Equipment, to renew this Lease with respect to the following Units then subject to this Lease: (A) all but not less than all of the Units of Group B Equipment; (B) all but not less than all of the boxcar Units of Group A Equipment; or (C) all but not less than all of the hopper car Units of Group A Equipment; for up to two Renewal Terms of two years each (the "Renewal Terms"), commencing on the Renewal Term Commencement Date for such Units. All of the provisions of this Lease, other than Section 12, shall be applicable during

each Renewal Term for such Units, except that the Stipulated Loss Values for such Units and Termination Values for such Units shall be determined in accordance with Section 20.5 hereof, and Basic Rent for such Units shall be equal to the Fair Market Rental Value for such Units.

20.3 Lessee's Notice. The Lessee shall provide a notice to the Lessor no less than one-hundred fifty (150) days prior to the expiration of the Basic Term or any Renewal Term then in effect for the Units of any Group (or portion of any Group) of Equipment, as the case may be, indicating whether the Lessee will (i) purchase any Units pursuant to Section 20.1 hereof, or (ii) renew this Lease with respect to such Units pursuant to Section 20.2 hereof, or (iii) return such Units to the Lessor pursuant to Section 14 hereof. In the event that notice is not timely provided by the Lessee in accordance with the terms of this Section 20.3, the Lessee will be deemed to have elected to return such Units to the Lessor at the end of the Basic Term or such Renewal Term for such Units, as the case may be.

20.4 Determination of Fair Market Rental Value .Not more than one (1) year nor less than six (6) months prior to the expiration of the Basic Term for the Units of any Group of Equipment or any Renewal Term then in effect for the Units of any Group of Equipment, the Lessee may notify the Lessor that the Lessee desires a determination of the Fair Market Sales Value of such Units as of such expiration date or the Fair Market Rental Value of such Units for a Renewal Term commencing upon the Renewal Term Commencement Date. The Lessee's request for a determination of Fair Market Sales Value or Fair Market Rental Value shall not obligate the Lessee to exercise any of the options provided in Sections 20.1 or 20.2.

20.5 Stipulated Loss Value and Termination Value During Renewal Term. The Stipulated Loss Value and Termination Value of any Unit during a Renewal Term shall be determined on the basis of the Fair Market Sales Value of such Unit as of the first day of such Renewal Term, reduced in equal monthly increments to the estimated Fair Market Sales Value of such Unit as of the last day of such Renewal Term.

20.6 Re-delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase or renew this Lease in respect of such Units as provided in Section 20.1 or 20.2, such Units shall be returned to the Lessor at the end of the Basic Term, or any Renewal Term then in effect, as the case may be, with respect to such Units in accordance with Section 14 hereof.

SECTION 21. INTEREST ON OVERDUE RENT.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent due hereunder shall result in the additional obligation on the part of the Lessee to pay as Supplemental Rent an amount equal to interest at the Late Rate applicable to the outstanding Loan Certificates on such overdue amounts for the period of time during which they were overdue and not paid.

SECTION 22. MISCELLANEOUS.

22.1 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) other than in the case of any Loan Participant in the case of notice by such a telecommunications device, upon confirmation of receipt thereof, in each case addressed to each party hereto at its address set forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto:

If to the Lessor:

Delaware Trust Capital Management Inc.
900 Market Street, H02M12
Wilmington, Delaware 19801
Attention: Corporate Trust Department
Fax No.: (302) 421-7387
Confirmation No.: (302) 421-7748
Payment Instructions:

If to the Indenture Trustee:

The First National Bank of Boston
Blue Hills Office Park
150 Royall Street
Canton, Massachusetts 02021
Attention: Corporate Trust Department
Division Mail Stop 45-02-15
(1992 Wisconsin Central Indenture)
Fax No.: (617) 575-2078
Confirmation No.: (617) 575-2999

If to the Lessee:

Wisconsin Central Ltd.
6250 North River Road, Suite 9000
Rosemont, Illinois
Attention: Chief Financial Officer
Fax No.: (708) 318-4328
Confirmation No.: (708) 318-4605

22.2 Execution in Counterparts. This Lease, and any amendment or supplement hereto, shall be delivered in New York and may be executed in any number of

counterparts, each executed counterpart constituting an original and in each case such counterparts shall constitute but one and the same instrument; provided, however, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Indenture Trustee on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

22.3 Governing Law; Severability. This Lease, as extended, amended, modified, renewed or supplemented, shall be governed by and construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

22.4 Headings and Table of Contents. The headings of the sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

22.5 Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns.

22.6 True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale," and that the Lessor shall at all times be considered to be the owner of each Unit which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in any Unit except as lessee.

22.7 Amendments and Waivers. No term, covenant, agreement or condition of this Lease may be terminated, amended or compliance therewith waived (either generally or in a particular instance, retroactively or prospectively) except by an instrument or instruments in writing executed by each party hereto; provided, however, any breach or default, once waived in writing, shall not be deemed continuing for any purpose of the Operative Agreements.

22.8 Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby on any Closing Date regardless of any investigation made by any such party or on behalf of any such party.

22.9 Limitation of Lessor's Liability. It is expressly agreed and understood that all representations, warranties and undertakings of the Lessor hereunder (except as expressly provided herein) shall be binding upon the Lessor only in its capacity as Owner Trustee under the Trust Agreement, except that the Lessor shall be personally liable for its gross negligence or willful misconduct or for breach of its covenants, representations and warranties contained herein.

22.10 Limitation of Indenture Trustee's Liabilities. Notwithstanding any provision herein or in any of the Operative Agreements to the contrary, the Indenture Trustee's obligation to take or refrain from taking any actions, or to use its discretion (including, but not limited to, the giving or withholding of consent or approval and the exercise of any rights or remedies under such Operative Agreements), and any liability therefor, shall, in addition to any other limitations provided herein or in the other Operative Agreements, be limited by the provisions of the Indenture, including, but not limited to, Section 8 thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

DELAWARE TRUST CAPITAL
MANAGEMENT, INC., not in its individual
capacity except as otherwise expressly provided
herein but solely as Owner Trustee

By: Curtis H. Clicquenois
Name Curtis H. Clicquenois
Title Vice President

Lessee:

WISCONSIN CENTRAL LTD.

By: _____
Name: _____

Receipt of this original counterpart of
this Lease is hereby acknowledged this
___ day of December __, 1992.

THE FIRST NATIONAL BANK OF
BOSTON, as Indenture Trustee

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

DELAWARE TRUST CAPITAL
MANAGEMENT, INC., not in its individual
capacity except as otherwise expressly provided
herein but solely as Owner Trustee

By: _____
Name: _____
Title: _____

Lessee:

WISCONSIN CENTRAL LTD.

By: TF Power Jr.
Name: Thomas F. Power, Jr.
Executive Vice President

Receipt of this original counterpart of
this Lease is hereby acknowledged this
___ day of December __, 1992.

THE FIRST NATIONAL BANK OF
BOSTON, as Indenture Trustee

By: _____
Name: _____
Title: _____

STATE OF Delaware)
) ss:
COUNTY OF New Castle)

On this 28th day of December, 1992, before me personally appeared Curtis H. Clicquenois, to me personally known, who being duly sworn, says that he is a Vice President of DELAWARE TRUST CAPITAL MANAGEMENT, INC. on by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: Rosanna H. Goodwin
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

March 26, 1996

STATE OF _____)
) ss:
COUNTY OF _____)

On this _____ day of December, 1992, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of WISCONSIN CENTRAL LTD., that said instrument was signed on December __, 1992 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: _____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF _____)
) ss:
COUNTY OF _____)

On this ____ day of December, 1992, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of DELAWARE TRUST CAPITAL MANAGEMENT, INC. on by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: _____
Notary Public

[NOTARIAL SEAL]

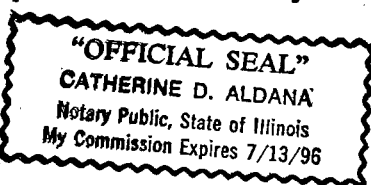
My Commission Expires:

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On this 28th day of December, 1992, before me personally appeared Thomas F. Power, Jr., to me personally known, who being duly sworn, says that he is an Executive Vice President of WISCONSIN CENTRAL LTD., that said instrument was signed on December 28, 1992 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: Catherine D. Aldana
Notary Public

[NOTARIAL SEAL]



My Commission Expires:

7/13/96

EXHIBIT A
to Equipment Lease Agreement

LEASE SUPPLEMENT NO. _____

Dated as of _____, 19__

between

DELAWARE TRUST CAPITAL MANAGEMENT, INC.,
not in its individual capacity except as otherwise expressly
provided herein but solely as Owner Trustee

Lessor

and

WISCONSIN CENTRAL LTD.

Lessee

CERTAIN RIGHTS, TITLE AND INTEREST OF THE LESSOR IN AND TO THIS LEASE SUPPLEMENT, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE FIRST NATIONAL BANK OF BOSTON, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT DATED AS OF DECEMBER 28, 1992 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND THE LESSOR, AS DEBTOR. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY THE FIRST NATIONAL BANK OF BOSTON, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303
ON _____, 1992 AT _____ M.
RECORDATION NUMBER _____

EXHIBIT A
to Equipment Lease Agreement

LEASE SUPPLEMENT NO. _____

LEASE SUPPLEMENT NO. _____ dated _____, 1992 (this "Supplement") between DELAWARE TRUST CAPITAL MANAGEMENT, INC., a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee (the "Lessor") and WISCONSIN CENTRAL LTD., an Illinois corporation (the "Lessee");

WITNESSETH:

WHEREAS, the Lessor and the Lessee have heretofore entered into that certain Equipment Lease Agreement dated as of December 28, 1992 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in the Lease;

WHEREAS, the Participation Agreement and the Lease provide that on each Closing Date, Seller shall deliver to Lessor a Bill of Sale dated such date by which Seller bargains, conveys, assigns, sets over, sells and delivers to Lessor, and Lessor purchases and accepts from the Seller, the Units to be conveyed on such Closing Date, and said Bill of Sale has been delivered by Seller and accepted by Lessor on such Closing Date;

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of confirming the acceptance and lease of the Units under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The Lessee hereby acknowledges and confirms that it has inspected and approved the Units set forth on Schedule I hereto and such Units comply in all material respects with the Specifications for such Units and are in good working order.
2. The Lessor hereby confirms delivery and lease to the Lessee, and the Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Units listed on Schedule I hereto.
3. The Lessee hereby represents and warrants that no Event of Loss has occurred with respect to the Units set forth on Schedule I hereto as of the date hereof.
4. The Closing Date of the Units described above is the date of this Lease Supplement set forth in the opening paragraph hereof.

5. The aggregate Equipment Cost of the Units leased hereunder is \$ and the amounts comprising such Equipment Cost are set forth on Schedule I hereto. The Stipulated Loss Values and Termination Values applicable in respect of the Units are set forth, respectively, on Schedules 7 and 8 to the Participation Agreement.

6. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement to pay Rent to Lessor for each Unit leased hereunder as provided for in the Lease.

7. The execution and delivery of this Lease Supplement will in no way relieve or decrease the responsibility of any manufacturer for the warranties it has made with respect to any Unit.

8. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of December 28, 1992", the "Lease dated as of December 28, 1992" or the "Equipment Lease Agreement dated as of December 28, 1992," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

9. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

10. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. This Lease Supplement is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

Lessor:

DELAWARE TRUST CAPITAL
MANAGEMENT, INC., not in its individual
capacity except as otherwise expressly provided
herein but solely as Owner Trustee

By: _____

Name:

Title:

Lessee:

WISCONSIN CENTRAL LTD.

By: _____

Name:

Title:

Receipt of this original counterpart of
the foregoing Lease Supplement No.
____ is hereby acknowledged this ____
day of _____, 199__.

THE FIRST NATIONAL BANK OF
BOSTON, as Indenture Trustee

By: _____

Name:

Title:

STATE OF _____)
) ss:
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of DELAWARE TRUST CAPITAL MANAGEMENT, INC., that said instrument was signed on _____, 19____ on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: _____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF _____)
) ss:
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of WISCONSIN CENTRAL LTD., that said instrument was signed on _____, 19____ on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By: _____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

Schedule I

Size and Type of Equipment	Number of Reporting Units Marks
Group A Equipment	
Group B Equipment	

DEFINITIONS

General Provisions:

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Schedule and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of the Operative Agreements, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of any Operative Agreement. All terms used in the Operative Agreements and defined in the Uniform Commercial Code in the applicable jurisdiction (and not otherwise defined herein) shall have the respective meanings given these terms in the Uniform Commercial Code as in effect in the applicable jurisdiction.

Defined Terms

"AAR" shall mean the Association of American Railroads or any successor thereto.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" shall have the meaning set forth in Section 4.06(b) of the Tax Indemnity Agreement (with respect to any use of the term in that document) and otherwise shall mean,

(A) when referring to an amount to be paid by the Lessee to an Indemnatee, such amount plus an additional amount, which additional amount shall be such that the amount actually paid by the Lessee is an amount which, if decreased by all United States federal, state and local income Taxes required to be paid by such Indemnatee with respect to the receipt or accrual of such total amount by the Lessee (computed (i) on the assumption that such Indemnatee is fully taxable for United States federal, state and local income tax purposes, and (ii) using an assumed combined effective United States federal, state and local income tax rate (taking into account the deductibility of United States state and local taxes in computing Federal income taxes) determined by using the highest marginal rate of United States federal income taxation then applicable to corporations and the actual composite rate of United States state and local income taxation then applicable to such Indemnatee), is (after giving effect to all current deductions and credits available to such Indemnatee with respect to the payment or accrual of the Taxes or other expenses being indemnified against) equal to the amount indemnified against; and

(B) when referring to an amount paid by or on behalf of any Indemnatee to the Lessee, shall mean such amount plus an additional amount, which additional amount shall be such that the amount actually paid to the Lessee is an amount which, if decreased by all United States federal, state and local income Taxes saved by such Indemnatee in respect of the payment or accrual of such total amount to the Lessee (computed (i) on the assumption that such Indemnatee is fully taxable for United States federal, state and local income tax rate (taking into account the deductibility of United States federal income taxation then applicable to corporations and the actual composite rate of United States state and local income taxation then applicable to such Indemnatee), is equal to the amount required to be paid to the Lessee.

"Aggregate Commitment" means as to each Loan Participant, the aggregate principal amount of the Loan Certificates such Loan Participant has agreed to purchase pursuant to Section 2.2(b) of the Partnership Agreement as set forth in Schedule 4 to the Participation Agreement.

"Aggregate Notional Commitment" shall mean for each Loan Participant the amount set forth as such Loan Participant's Aggregate Notional Commitment on Schedule 4 to the Participation Agreement.

"Appraisal" shall have the meaning specified in Section 4.3(a) of the Participation Agreement.

"Assigned Agreements" shall have the meaning specified in Section 1.02(a)(3) of the Indenture.

"Assignment of Warranties" shall mean an Assignment of Warranties, substantially in the form of Exhibit E to the Participation Agreement and dated a Closing Date, delivered by the Seller Affiliate to the Owner Trustee in respect of Equipment purchased by Owner Trustee from Seller Affiliate on such Closing Date.

"Assumed Equipment Cost" shall mean Thirty-Nine Million Eight Hundred Thousand Dollars (\$39,800,000).

"Assumed State Tax Rate" shall have the meaning specified in Section 1(k) of the Tax Indemnity Agreement.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, Title 11, United States Code, as amended from time to time, and any successor provision or provisions.

"Basic Rent" shall mean, with respect to any Unit of Equipment, all rent payable by the Lessee to the Lessor pursuant to Section 2.1(a) of the Lease for the Basic Term for such Unit, and all rent payable pursuant to Section 20.2 of the Lease for any Renewal Term for such Unit.

"Basic Term" shall have the meaning specified in Section 3 of the Lease.

"Basic Term Commencement Date" shall mean May 1, 1993.

"Basic Term Expiration Date" shall mean in the case of Group A Equipment April 30, 2013 and in the case of Group B Equipment April 30, 2008.

"Beneficial Interest" shall mean the interest of the Owner Participant under the Trust Agreement.

"Bill[s] of Sale" shall have the meaning specified in Section 4.1(j) of the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banks are authorized or permitted to be closed in the states where any party obligated to make, or receive, any payment under the Operative Agreements has its principal place of business.

"Certificate Holder" shall mean, with respect to any Loan Certificate, the person in whose name the Loan Certificate is issued and registered under the Indenture.

"Claims" shall have the meaning specified in Section 8.2 of the Participation Agreement.

"Closing Date" shall mean the date on which any Equipment is purchased and leased pursuant to Section 2.3 of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning specified in Section 1.02 of the Indenture.

"Commitment" shall mean in the case of a Loan Participant as of any Closing Date, the principal amount of the Loan Certificates such Loan Participant has agreed to purchase pursuant to Section 2.2(b) of the Participation Agreement and in the case of the Owner Participant as of any Closing Date, the amount of funds Owner Participant has agreed to make available to or on behalf of the Owner Trustee pursuant to Section 2.1.

"Commitment Termination Date" shall mean (with respect to each Loan Participant) the earlier of (i) August 31, 1992 or (ii) the date set forth in the notice delivered by Lessee pursuant to Section 2.8(b) of the Participation Agreement.

"Coupon Rate" shall mean 8.49% per annum, calculated, unless otherwise provided in the Operative Documents, on the basis of a 360 day year of twelve 30 day months.

"Debt Amortization" with respect to any Loan Certificate shall mean the amortization schedule of principal payments applicable thereto.

"Economic Return" of the Owner Participant shall mean the aggregate after-tax cash flow as a percentage of equity, aggregate after-tax cash flow and nominal after-tax yield calculated using the multiple investment sinking fund method of analysis), anticipated by the Owner Participant in entering into, or acquiring an interest in the transactions contemplated by the Participation Agreement and the Lease.

"Equipment" shall mean collectively those items of railroad rolling stock described in the Lease Supplements and the Indenture Supplements, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed in any item thereof which are the property of the Owner Trustee pursuant to the terms of the Lease and, unless the context otherwise specifies, all records and documents relating to such items of railroad rolling stock.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Owner Trustee to the Seller pursuant to Section 2 of the Participation Agreement and as set forth in Annex A to the Participation Agreement with respect to such Unit.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

"Event of Loss" shall have the meaning specified in Section 11.1 of the Lease.

"Excepted Rights in Collateral" shall mean the following described properties, rights, interests and privileges:

(a) all payments (i) of any indemnity under Section 8 of the Participation Agreement or the Tax Indemnity Agreement which by the terms thereof are payable to the Owner Trustee, the Trust Company or the Owner Participant, or any of their respective successors, assigns, directors, officers, employees, servants or agents, and all rights and privileges under such policies in respect of such proceeds, (ii) of that portion of Supplemental Rent, to the extent attributable to an Other Adjustment Event pursuant to Section 2.11 of the Participation Agreement;

(b) any insurance proceeds paid or payable under general public liability policies maintained by the Lessee pursuant to Section 10 of the Lease which are payable directly to or for the benefit of the Owner Trustee, the Trust Company or the Owner Participant or any of their respective successors, assigns, directors, officers, employees, servants or agents, and all rights and privileges under such policies in respect of such proceeds;

(c) Transaction Costs (or other amounts or expenses paid or payable to, or for the benefit of, the Owner Trustee, the Trust Company, or the Owner Participant pursuant to the Participation Agreement or the Trust Agreement;

(d) All right, title and interest of the Owner Participant, the Owner Trustee, or the Trust Company in or relating to any Unit and any other property (tangible or intangible), rights, titles, or interests to the extent any of the foregoing has been released from the Lien of the Indenture pursuant to the terms thereof;

(e) upon termination of the Indenture or upon release of the Lien of the Indenture pursuant to the terms thereof with respect to any Unit, all

remaining amounts which shall have been paid and any amounts which are or shall become payable by the Lessee in respect thereof;

(f) any amount payable to the Owner Participant by any transferee as the purchase price of the Owner Participant's interest in the Trust Estate in compliance with the terms of the Participation Agreement and the Trust Agreement;

(g) all rights of the Owner Trustee or the Owner Participant under the Lease to demand, collect, sue for or otherwise receive and enforce payment of the foregoing amounts and to seek legal or equitable remedies in respect thereof, including requiring the Lessee to maintain the insurance coverage referred to in paragraph (b) above, provided that the rights referred to in this paragraph (g) shall not be deemed to include the exercise of any remedies other than as provided for in Section 15.2(a) of the Lease; and

(h) the respective rights of the Owner Trustee, the Trust Company, or the Owner Participant to the proceeds of the foregoing.

"Excess Amount" shall have the meaning specified in Section 11.8 of the Participation Agreement.

"Expenses" shall have the meaning specified in Section 6.3 of the Participation Agreement.

"Factual Event" shall have the meaning specified in Section 2 of the Participation Agreement

"Fair Market Rental Value" or *"Fair Market Sales Value"* of the Equipment or any Unit thereof shall mean the value which would be determined for such Unit or Units in an arm's-length transaction between an informed and willing lessee-user or buyer-user (other than a lessee currently in possession or a used equipment dealer) under no compulsion to lease or buy, as the case may be, and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the same shall be specified by agreement between the Lessor and the Lessee or, if not agreed to by the Lessor and the Lessee within a period of 30 days after either party requests a determination, then as specified in an appraisal prepared by an appraiser mutually acceptable to the Lessor and the Lessee, which determination shall be made (i) without deduction for any costs of removal of such Unit from the location of current use and (ii) on the assumption that such Unit is free and clear of all liens other than Lessor's Liens and is in the condition and repair in which it is required to be returned pursuant to Section 14 of the Lease; provided, however, that the

determination of Fair Market Rental Value or Fair Market Sales Value for the purposes of Section 15.4 of the Lease shall be based on the actual condition of such Unit or Severable Modification (as the case may be) at the time of such determination and shall take into account all liens (other than Lessor's Liens) on such Unit or Severable Modification (as the case may be) and any legal impediments to the prompt leasing of such Unit or Severable Modification (as the case may be) by a Person other than the Lessee, notwithstanding the provisions of clause (ii) of this sentence, and provided further, that for purposes of Section 20.5 of the Lease, "Fair Market Sales Value" shall be estimated as of the last day of the then applicable Renewal Term. The Lessee (or the Lessor in the case of a purchase of a Severable Modification) shall bear all costs and expenses of such appraisal. In the event that the parties fail to appoint such a mutually acceptable appraiser within 15 days, then such value shall be as specified in an appraisal prepared and mutually agreed to by three recognized independent appraisers, one of which shall be appointed by the Lessor within 15 days, one of which shall be appointed by the Lessee within 15 days, and the other of which shall be appointed by mutual consent of the two previously appointed appraisers within 30 days. If either party should fail to appoint an appraiser within 15 days of receiving notice of the appointment of an appraiser by the other party, then such appraisal shall be made by the appraiser appointed by the party providing such notice. If the two previously appointed appraisers cannot agree upon a mutually acceptable third appraiser within 30 days after the appointment of the second appraiser, then either party may apply to the American Arbitration Association to make such appointment. The appraisal shall be completed within 30 days of the appointment of the last appraiser appointed. If the parties shall have appointed a single appraiser, the determination of values by such appraiser shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be the final determination. If three appraisers shall be appointed, each party shall bear the costs and expenses of the appraiser selected by it and the Lessor and the Lessee shall bear the costs and expenses of the third appraiser equally.

"Final Basic Rent Payment Date" shall mean, for each Unit, the last Rent Payment Date in respect of the Basic Term applicable to such Unit. The Final Basic Rent Payment Date for Group A Equipment shall be May 1, 2013 and the Final Basic Rent Payment Date for Group B Equipment shall be May 1, 2008.

"Five-Day Cure Period" shall have the meaning specified in Section 5.03(a) of the Indenture.

"Foreign Use Limitations" shall have the meaning specified in Section 7.3 of the Lease.

"GAAP" shall mean generally accepted accounting principles and practices consistently applied in the United States of America as in effect from time to time.

"Group A Equipment" and "Group B Equipment" shall mean those Units of Equipment included in such group in Schedule 1 to the Participation Agreement (with Group A Equipment to include only new Equipment and with Group B Equipment to include only rebuilt Equipment) and "Group of Equipment" shall mean any such group.

"Guidelines" shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

"ICC" shall mean the Interstate Commerce Commission or any successor thereto.

"Inclusions" shall have the meaning specified in Section 3.1 of the Tax Indemnity Agreement.

"Income Taxes" shall have the meaning specified in Section 8.1 of the Participation Agreement.

"Indemnified Person" shall mean each of the Participants, the Owner Trustee, the Trust Estate and the Indenture Trustee, and the successors, permitted assigns, agents, servants, officers and employees of each of the foregoing.

"Indemnatee" shall have the meaning specified in Section 8.1 of the Participation Agreement, unless otherwise defined in any Operative Agreement.

"Indemnitor" shall have the meaning specified in Section 8 of the Participation Agreement, unless otherwise defined in any Operative Agreement.

"Indemnity Payment" shall mean any payment made by the Lessee to an Indemnified Party pursuant to Section 8 of the Participation Agreement or pursuant to the Tax Indemnity Agreement.

"Indenture" shall mean the Trust Indenture and Security Agreement dated as of December 28, 1992 between the Owner Trustee, in the capacities described therein, and

the Indenture Trustee, in the capacities described therein, as amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"Indenture Default" shall mean any event which would constitute an Indenture Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Indenture Event of Default" shall mean an Owner Default or a Lease Event of Default, other than a Lease Event of Default in respect of the Tax Indemnity Agreement or the Side Letter.

"Indenture Supplement" shall mean the Indenture Supplement dated a Closing Date, substantially in the form of Exhibit A to the Indenture, between the Owner Trustee, in the capacities described therein, and the Indenture Trustee in the capacities described therein, covering the Units delivered on such Closing Date.

"Indenture Trustee" shall mean The First National Bank of Boston, a national banking association, not in its individual capacity, except as and to the extent expressly so stated in the Indenture, but solely as indenture trustee, and its successors such as indenture trustee under the Indenture.

"Interchange Rules" shall have the meaning specified in Section 6.7 of the Lease.

"Interest" shall mean the Beneficial Interest or a Loan Certificate, individually, and *"Interests"* shall mean the Beneficial Interest and the Loan Certificates, collectively.

"Interim Interest Payment" shall mean the interest due and payable on the Loan Certificates on the Interim Interest Payment Date.

"Interim Interest Payment Date" shall mean May 1, 1993.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Invested Notional Funds" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"ITC Optimization Event" shall have the meaning specified in Section 2.11(b) of the Participation Agreement.

"Late Rate" shall mean interest at the annual rate equal to the applicable Coupon Rate for the series of Loan Certificates concerned plus 2%.

"Lease" or *"Lease Agreement"* or *"Equipment Lease"* shall mean the Equipment Lease Agreement dated as of December 28, 1992 between the Owner Trustee, in the capacities described therein, as Lessor, and the Lessee as amended, supplemented or otherwise modified from time to time.

"Lease Default" shall mean a Lease Event of Default or an event which with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" shall have the meaning specified in Section 15 of the Lease; provided, however, that for purposes of the Indenture, *"Lease Event of Default"* shall exclude any Lease Event of Default in respect of the Tax Indemnity Agreement or the Side Letter.

"Lease Supplement" shall mean a Lease Supplement dated a Closing Date, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering the Units delivered on such Closing Date.

"Lease Term" shall mean, with respect to any Unit, the Interim Term applicable to such Unit, the Basic Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Lender's Liens" shall have the meaning specified in Section 6.3 of the Participation Agreement.

"Lessee" shall mean Wisconsin Central Ltd., an Illinois corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is a party.

"Lessor" shall have the meaning specified in the recitals to the Lease.

"Lessor's Liens" means any Lien affecting, on or in respect of the Equipment, the Lease or the Trust Estate arising as a result of (i) claims against or affecting Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Lease or the Participation Agreement, (ii) acts or omissions of the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Lease or the Participation Agreement or not permitted under the Lease or under the Participation Agreement or in

breach of any covenant or agreement of such Person set forth in any of the Operative Agreements, or (iii) Taxes imposed against the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant or the Trust Estate which are not indemnified against by the Lessee pursuant to the Participation Agreement or under the Tax Indemnity Agreement.

"Leverage" shall mean that percentage of Equipment Cost advanced by the Owner Participant pursuant to Section 2 of the Participation Agreement.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance, disposition of title or other charge of any kind on property.

"Liquidated Funds" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement and Section 2.02(a) of the Indenture.

"Loan Participant" shall mean each of the Persons identified as Loan Participants in the Participation Agreement, and their successors and assigns and any other Person to which any of them shall have transferred all or any portion of a Loan Certificate in compliance with the Operative Agreements.

"Majority of Certificate Holders" shall mean, as of any date of determination, Certificate Holders of more than 50% in aggregate principal amount of the Loan Certificates then outstanding, not including any Loan Certificates owned by the Owner Trustee, the Owner Participant, the Lessee or any Affiliate of any thereof, unless all the Loan Certificates at the time outstanding shall be owned by the Owner Trustee, the Owner Participant, the Lessee, or one or more of their respective Affiliates.

"Make-Whole Amount" shall mean, in connection with any prepayment of the Loan Certificates of any series, the excess, if any, of (i) the aggregate present value as of the date of such prepayment of each dollar of principal being prepaid on the Loan Certificates of such series and the amount of interest that would have been payable in respect of such dollar if such prepayment had not been made, determined by discounting such amounts at the Reinvestment Rate for such series from the respective dates on which they would have been payable, over (ii) the sum of 100% of the principal amount of the outstanding Loan Certificates of such series being prepaid plus accrued but unpaid interest thereon. If the Reinvestment Rate for such series is equal to or higher than the Coupon Rate for such series, the Make-Whole Amount shall be zero.

"*Material Adverse Effect*" shall mean, with respect to Lessee or Seller Affiliate, a material adverse effect on (i) the business, assets, operations or conditions (financial or otherwise) of Lessee or Seller Affiliate, as the case may be, (ii) the ability of Lessee or Seller Affiliate, as the case may be, to enter into and perform its obligations under any of the Operative Agreements for which it is a party able to participate in the Overall Transactions, (iii) the grant of the Lien created or to be created pursuant to the Indenture and the validity, priority, performance or enforceability of such Liens, (iv) the value of the Collateral, and (v) the exercise by Indenture Trustee of its rights and remedies under the Operative Agreements.

"*Modifications*" shall have the meaning specified in Section 7 of the Lease.

"*Non-Severable Modification*" shall any Modification that is not readily removable without causing material damage to the Equipment or any Unit.

"*Non-Utilization Fee*" shall mean for each Loan Participation stated in dollars calculated in accordance with the following formula:

$$(\text{ANC} - \text{FA}) \times [(\text{BP}_1 - \text{BP}_2)/\text{BP}_2] \times$$

*, provided that BP₁ less BP₂ shall be a non-negative number

where "ANC" shall equal such Loan Participants' Aggregate Notional Commitment,

where "FA" shall equal the aggregate principal amount of all Loan Certificates purchased by such Loan Participant on or prior to the Commitment Termination Date; and

where "BP₁" shall equal the average of the bid and asked prices (stated in dollars) for coupon-bearing United States Treasury Bonds maturing August 2002 (having a coupon rate of 6.375%) (the "Bond Price") as published in The Wall Street Journal on the Commitment Termination Date, or if no such rate is published on the latest date preceding such Commitment Termination Date for which such rate is published; and

where "BP₂" shall equal the Bond Price as published in The Wall Street Journal on December 3, 1992.

"*Notional Closing Date*" shall mean each of the dates set forth on Schedule 5 to the Participation Agreement.

"Notional Amount" for each Loan Participant shall mean the amount set forth under the column "Notional Amount" on Schedule 5 to the Participation Agreement minus the principal amount of Loan Certificates purchased by such Loan Participant on or before the date such Notional Amount is to be calculated.

"Notional Earnings" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"Notional Receipt Date" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation by the President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean the Participation Agreement, each Bill of Sale, the Trust Agreement, each Assignment of Warranties, each Purchase Agreement Assignment, the Lease, each Lease Supplement, the Loan Certificates outstanding at the time of reference, the Indenture, each Indenture Supplement, the Tax Indemnity Agreement and, without duplication, the Assigned Agreements.

"Optimization Event" shall have the meaning specified in Section 2.11 of the Participation Agreement.

"Other Adjustment Event" shall have the meaning specified at Section 2.11 of the Participation Agreement.

"Other Trustee" shall have the meaning specified in Section 8.04(a) of the Indenture.

"Owner Default" shall have the meaning specified in Section 5.01(a) of the Indenture.

"Overall Transaction" shall mean all of the transactions and activities referred to in or contemplated by the Operative Agreements.

"Owner Participant" shall mean MetLife Capital Corporation, a Delaware corporation and its successors and permitted assigns.

"Owner Participant Agreements" shall mean the Operative Agreements to which such Owner Participant is a party.

"Owner Trustee" shall mean Delaware Trust Capital Management, Inc., a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee under the Trust Agreement, and its successors in interest as Owner Trustee thereunder.

"Owner Trustee Agreements" shall mean the Operative Agreements to which Trust Company or Owner Trustee is a party.

"Participants" shall mean the Loan Participants and the Owner Participant.

"Participation Agreement" shall mean the Participation Agreement dated as of December 28, 1992, among the Lessee, the Seller Affiliate, the Participants, the Owner Trustee and the Indenture Trustee, as amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature which may from time to time be incorporated or installed in or attached to the Equipment, provided that such appliances, parts, instruments, appurtenances, accessories and furnishings shall remain a "Part" until a replacement therefor has been installed in or attached to the Equipment.

"Payment Default" shall have the meaning specified in Section 8.05 of the Tax Indemnity Agreement.

"Percentage of Equipment Cost" shall mean, for the Owner Participant or any Loan Participant, the percentage set forth under the column "Commitment as a Percentage of Equipment Cost" on Schedule 2 or Schedule 4, respectively, to the Participation Agreement as each such schedule may be amended pursuant to Section 2.11 of the Participation Agreement.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates

of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$500,000,000 (including the Indenture Trustee and the Owner Trustee if such conditions are met), (iv) commercial paper of companies, banks, trust companies or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investor's Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) repurchase agreements with any financial institution having a combined capital and surplus of at least \$750,000,000 fully collateralized by obligations of the type described in clauses (i) through (iv) above; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) above; and provided further that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is 180 days or less from the date of purchase thereof.

"Permitted Liens" with respect to the Equipment and each Unit thereof, shall mean: (i) the interests of the Lessee and the Owner Trustee under the Lease and the Lease Supplements; (ii) the interest of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 19.2 of the Lease; (iii) any Liens thereon for Taxes not due and payable or the amount or validity of which is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of business securing obligations which are not due and payable or the amount or validity of which is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (v) the Lien granted to the Indenture Trustee under and pursuant to the Indenture, and the respective rights of the Loan Participants, the Indenture Trustee, the Owner Participant and the Owner Trustee under the Operative Agreements and (vi) any collateral assignment of leasehold interest by Lessee or any sublessee as security for its secured indebtedness; provided (i) such assignment does not, in the reasonable determination of the Owner Participant and the Indenture Trustee, result in any Material Adverse Effect or otherwise impair or limit the ability of the Lessor to exercise any remedies available under the Lease and (ii) no remedies are being exercised in respect of such collateral assignment.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Pre-funding Date" shall have the meaning set forth in Section 2.3(a)(i) of the Participation Agreement.

"Prepayment Date" shall have the meaning specified in Section 3.02(b)(3) of the Indenture.

"Prepayment Notice" shall have the meaning specified in Section 3.02(b)(3) of the Indenture.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A., as its reference commercial lending rate.

"Purchase Agreement Assignment" shall mean a Purchase Agreement Assignment substantially in the form of Exhibit F to the Participation Agreement and dated a Closing Date, delivered by a Lessee to Owner Trustee in respect of Equipment purchased by Owner Trustee from the Vendor referred to in such Purchase Agreement Assignment on such Closing Date.

"Purchase Date" shall have the meaning specified in Section 5.03(b) of the Indenture.

"Purchase Notice" shall have the meaning specified in Section 5.03(b) of the Indenture.

"Reinvestment Rate" shall mean, with respect to each series of Loan Certificates, the .50% plus the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the series of Loan Certificates being prepaid (taking into account the application of such prepayment required by Section 6 of the Indenture). If no maturity exactly corresponds to such Weighted Average Life to Maturity for the Loan Certificates of such series, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity for the Loan Certificates of such series shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate for the Loan Certificates of such series shall be interpolated or extrapolated for such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate for any series of Loan Certificates, the most recent Statistical Release published prior to the date of payment hereunder shall be used.

"Renewal Term" shall mean, with respect to any Unit, any term in respect of which the Lessee shall have exercised its option to renew the Lease for such Unit pursuant to Section 20.2 thereof.

"Renewal Term Commencement Date" shall mean the first day following the end of the Basic Term or the immediately preceding Renewal Term if a renewal has been effected.

"Rent" shall mean all Basic Rent and Supplemental Rent.

"Rent Payment Date" shall mean May 1 and November 1 of each year to and including the Final Basic Rent Payment Date, provided that if any such date shall not be a Business day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

"Replacement Unit" shall have the meaning specified in Section 11.7 of the Lease.

"Required Modification" shall have the meaning specified in Section 6 of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer or managerial employee, who in the normal performance of his operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Secured Indebtedness" shall mean and include all loans, advances, debts, covenants, agreements, liabilities and other obligations owed by the Owner Trustee to the Indenture Trustee, the Loan Participants and the Certificate Holders pursuant to the Indenture, the Loan Certificates or the Participation Agreement and all amendments, extensions or renewals thereof, now existing or hereafter arising (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, voluntary or involuntary, whether or not jointly owed with others, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, including, without limitation, (i) payment to the Indenture Trustee, the Loan Participants and the Certificate Holders of all principal of, premium, if any, and interest on the Loan Certificates and any modifications, extensions or renewals of such Loan Certificates (including, without limitation, (x) modifications of the required principal, interest and payment dates, deferring or accelerating such payment dates in part and/or (y) modifications, extensions and renewals at a different rate of interest, whether or not any such modification, extension or

renewal is evidenced by a new or additional promissory note or notes) and (ii) all interest, fees, charges or expenses (including attorney's and accountant's fees) chargeable to or payable by the Owner Trustee pursuant to the terms of the Indenture, the Loan Certificate or the Participation Agreement.

"*Security*" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"*Seller*" shall mean each of the Seller Affiliate and each Vendor.

"*Seller Affiliate*" shall mean WCI Railcars, Inc.

"*Series*" shall mean either the Series A Loan Certificates or the Series B Loan Certificates.

"*Series A Loan Certificate*" shall mean any Loan Certificate issued in connection with the financing of a portion of the Equipment Cost of any Group A Equipment and shall include any Loan Certificate issued in exchange thereof or replacement therefor pursuant to Section 2.06 or 2.07 of the Indenture.

"*Series B Loan Certificate*" shall mean any Loan Certificate issued in connection with the financing of a portion of the Equipment Cost of any Group B Equipment and shall include any Loan Certificate issued in exchange thereof or replacement therefor pursuant to Section 2.06 or 2.07 of the Indenture.

"*Severable Modification*" shall mean any Modification that is readily removable without causing material damage to the Equipment or any Unit.

"*Shortfall Interest*" shall mean as of any Closing Date or the Commitment Termination Date, as appropriate, a dollar amount calculated in accordance with the following formula:

$$[(LF) \times (8.49\%)] \times [N/360] - (NE) - (I)$$

where "LF" shall equal the Liquidated Funds stated in dollars as of such date;

where "N" shall equal the number of days from the Notional Receipt Date to the date Liquidated Funds are liquidated pursuant to Section 2.6(a) of the Participation Agreement or to the Commitment Termination Date, as appropriate;

where "NE" shall equal the Notional Earnings as of such date; and

where "I" shall equal the amount of interest actually paid by the Lessee pursuant to Section 2.3(c) of the Participation Agreement in respect of any portion of the period described under "N" above.

"Side Letter" shall mean that certain letter agreement, dated as of December 28, 1992, between Owner Participant and Lessee.

"Specifications" shall mean the statement of specifications for new and remanufactured railcars and locomotives of the applicable manufacturer or remanufacturer of each Unit of Equipment, which specifications have been delivered by Lessee to the Owner Participant and Norman W. Seips and Associates, Inc. and are attached as an Exhibit to the Appraisal.

"Statistical Release" shall mean the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by a Majority of Certificate Holders.

"Stipulated Loss Payment Date" shall mean the first day of any calendar month.

"Stipulated Loss Value" shall mean, with respect to any Unit, during the Interim Term and the Basic Term the amount determined in accordance with Section 11 of the Lease and Schedule 7 to the Participation Agreement, and during any Renewal Term, the amount determined in accordance with Section 20.5 of the Lease.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the voting stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, but not limited to, Termination Value and Stipulated Loss Value payments, and amounts, if any, payable by the Lessee, under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.7 of the Participation Agreement) by the Lessee and any premium on Make-Whole Amount which may become due and payable on the Loan Certificates.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of December 28, 1992 between the Lessee and the Owner Participants, as amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"Taxes" shall mean any and all fees (including, without limitation, license, documentation and registration fees), taxes (including without limitation income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments or withholdings of any nature whatsoever, together with any and all assessments, penalties, fines, additions to tax and interest thereon.

"Thirty-Day Cure Period" shall have the meaning specified in Section 5.03(a) of the Indenture.

"Terminated Units" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Date" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Value" shall mean, with respect to each Unit, an amount determined in accordance with Section 12 of the Lease and Schedule 8 of the Participation Agreement.

"Total Equipment Cost" for one or more Units shall mean the sum of the Equipment Cost for such Units.

"Transaction Costs" shall have the meaning specified in Section 2.10(a) of the Participation Agreement.

"Transferee" shall have the meaning specified in Section 6.1(a) of the Participation Agreement.

"Treasury Obligations" shall have the meaning specified in Section 2.3 of the Participation Agreement.

"Trust" shall have the meaning specified in each Trust Agreement.

"Trust Agreement" shall mean that certain Trust Agreement dated as of December 28, 1992 between the Owner Participant and the Owner Trustees, as amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"Trust Company" shall mean Delaware Trust Capital Management, Inc., a Delaware banking corporation (or any successor as trustee under the Trust Agreements) in its individual capacity.

"Trust Documents" shall have the meaning specified in Section 2.01 of the Trust Agreement.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner Trustee by the Owner Participant, all proceeds from the sale of the Loan Certificates, all installments and other payments of Basic Rent, Supplemental Rent, insurance proceeds, Stipulated Loss Values, condemnation awards,

Termination Values, purchase price, sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements but excluding Excepted Rights in Collateral and payments related thereto.

"Trustee" shall mean each of the Owner Trustee as trustee under the Trust Agreement or the Indenture Trustee and *"Trustees"* shall mean the Owner Trustee and the Indenture Trustee, collectively.

"Unit" shall mean an individual item of rolling stock constituting Equipment.

"Vendor" shall mean (i) ACF Industries, with respect to the 100-ton hopper cars and (ii) Gunderson, Inc., or any affiliate which acts as a Seller, with respect to the 100-ton plate "C" box cars.

"Weighted Average Life to Maturity" of the principal amount of any series of Loan Certificates being prepaid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of the principal amount of such series of Loan Certificates being prepaid by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (1) the remainder of (A) the amount of principal of such series of Loan Certificates that would have become due on each scheduled payment date if such prepayment had not been made, less (B) the amount of principal on the Loan Certificates of such series scheduled to become due on such date after giving effect to such prepayment and the application thereof, by (2) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i).